

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

## Form 10-K

### ANNUAL REPORT PURSUANT TO SECTION 13 OF THE SECURITIES EXCHANGE ACT OF 1934

For the year ended December 31, 1977

Commission File Number 1-2256

## EXXON CORPORATION

(Exact name of registrant as specified in its charter)

(The Registrant is hereinafter sometimes referred to as the "Corporation" or "Exxon")

NEW JERSEY

(State or other jurisdiction of  
incorporation or organization)

13-5409005

(I. R. S. Employer  
Identification Number)

1251 AVENUE OF THE AMERICAS, NEW YORK, N. Y. 10020

(Address of principal executive offices)

212-398-3000

(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on which Registered</u>
Capital Stock, no par value (447,399,765 shares outstanding at December 31, 1977)	New York Stock Exchange
Thirty Year 6% Debentures due November 1, 1997	New York Stock Exchange
Thirty Year 6½% Debentures due July 15, 1998	New York Stock Exchange
Registered Securities of Exxon Pipeline Company guaranteed by Registrant:	
Thirty Year 9% Debentures due October 15, 2004	New York Stock Exchange
Twenty-Five Year 8⅞% Debentures due October 15, 2000	New York Stock Exchange
Twenty-Five Year 8¼% Debentures due March 1, 2001	New York Stock Exchange
Five Year 8.05% Notes due April 15, 1980	New York Stock Exchange
Seven Year 7.65% Notes due March 1, 1983	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No .....



# PART I

## THE CORPORATION

### Item 1. Business.

Exxon Corporation and its subsidiaries and affiliated companies operate in the United States and nearly 100 other countries principally in exploring for and producing crude oil and natural gas; in petroleum and chemical manufacturing; and in transporting and selling crude oil, natural gas and petroleum and chemical products.

The oil industry is highly competitive. There is competition within the industry and also with other industries in supplying the energy and fuel needs of commerce, industry and individuals. The Corporation and its subsidiaries compete with other firms in the sale or purchase of various goods or services in many national and international markets and employ all methods of competition which are lawful and appropriate for such purposes.

The operations and earnings of the Corporation and its affiliates throughout the world have been and may be in the future affected from time to time in varying degree by political developments and laws and regulations, such as forced divestiture of assets, restrictions on production, imports and exports, price controls, tax increases and retroactive tax claims, expropriation of property, cancellation of contract rights and pollution controls. Both the likelihood of such occurrences and their overall effect upon the Corporation vary greatly from country to country and are not predictable.

In 1977 the Corporation and its consolidated subsidiaries spent \$580,000,000 on environmental conservation projects worldwide, mostly dealing with air and water. Expenditures for such projects are estimated to total \$768,000,000 in 1978 and \$784,000,000 in 1979.

Operating data for the Corporation and its subsidiaries and affiliates are contained on pages 29, 38 and 39 of the accompanying 1977 Annual Report to shareholders.\*

Reference is made to Note 13 to the financial statements, which note appears on page 34 of the accompanying 1977 Annual Report to shareholders, for information with regard to government participation in the operations of certain companies in the Middle East, including the Arabian American Oil Company in which, at December 31, 1977, the Corporation's stock ownership was 29 percent.

### Item 2. Summary of Operations.

The consolidated statement of income and related income and dividend per share data and management's discussion and analysis of the consolidated statement of income appearing on pages 38 and 37, respectively, of the accompanying 1977 Annual Report to shareholders are furnished in response to the requirement of this item.\*

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\* Except as indicated under Items 1, 2 and 3 and on page S-1, no other data appearing in the 1977 Annual Report to shareholders is deemed to be filed as part of this Annual Report on Form 10-K.



SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 8

AMENDMENT TO APPLICATION OR REPORT

Filed pursuant to Section 12, 13 or 15(d) of THE SECURITIES  
EXCHANGE ACT OF 1934

AMENDMENT NO. 1

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its Annual Report for the year ended December 31, 1977, on Form 10-K as set forth below:

To add the following after the first sentence in the paragraph under Index to Financial Statements on page S-1 as follows:

In the Corporation's 1977 Annual Report to shareholders the notes to the financial statements include in "Note 17 Quarterly Financial Data (Unaudited)" quarterly and annual gross profit figures for the years 1977 and 1976. The figures of \$6,744 million and \$22,236 million for the fourth quarter and full year of 1977 should read, respectively, \$5,815 million and \$21,307 million. These inadvertent errors had no effect upon net income or other financial data appearing in the Annual Report.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

Exxon Corporation

By U. J. LeGrange  
U. J. LeGrange,  
Controller

Date: April 14, 1978



SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

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Exxon Corporation

By U. J. LeGrange  
U. J. LeGrange,  
Controller

Date: April 14, 1978



CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the application of our report dated March 1, 1978, which appears on page 30 of the 1977 Annual Report to shareholders of Exxon Corporation incorporated in the Annual Report on Form 10-K of Exxon Corporation for the year ended December 31, 1977, to the information related to "Note 17 - Quarterly Financial Data (Unaudited)", included in the accompanying Amendment No. 1 to such Form 10-K.

Price Waterhouse & Co.

153 East 53rd Street  
New York, New York 10022  
April 14, 1978



The tabulation below sets forth an analysis of capital and earnings reinvested for the five years ended December 31, 1977.

	Year Ended December 31				
	1977	1976	1975	1974	1973
	(In Thousands)				
Capital:					
Balance at beginning of year .....	\$ 2,608,591	\$ 2,583,480	\$ 2,577,551	\$ 2,594,607	\$ 2,637,212
Shares reacquired .....	(45,043)	(1,545)	(1,826)	(20,448)	(60,630)
Sale of treasury shares* .....	8,515	26,656	7,755	3,392	18,025
Balance at end of year .....	<u>\$ 2,572,063</u>	<u>\$ 2,608,591</u>	<u>\$ 2,583,480</u>	<u>\$ 2,577,551</u>	<u>\$ 2,594,607</u>
Earnings Reinvested:					
Balance at beginning of year .....	\$15,861,761	\$14,440,931	\$13,056,192	\$11,145,045	\$ 9,646,726
Net income .....	2,422,964	2,640,964	2,503,013	3,030,020	2,450,778
Dividends .....	(1,343,869)	(1,220,134)	(1,118,274)	(1,118,873)	(952,459)
Balance at end of year .....	<u>\$16,940,856</u>	<u>\$15,861,761</u>	<u>\$14,440,931</u>	<u>\$13,056,192</u>	<u>\$11,145,045</u>

\* See Item 6.

### Item 3. Properties.

Part of the information in response to this item is contained on pages 28, 38 and 39 of the accompanying 1977 Annual Report to shareholders.\*\*

Information with regard to oil and gas producing operations follows:

#### 1. Net Proved Reserves of Crude Oil and Natural Gas Liquids (millions of barrels) at year-end 1977

	Developed	Undeveloped	Total
United States .....	2,965	786	3,751
Canada .....	632	53	685
Other Western Hemisphere .....	30	4	34
Europe .....	192	855	1,047
Middle East and Africa .....	7,754	3,305	11,059
Australia and Far East .....	625	167	792
Total reserves .....	<u>12,198</u>	<u>5,170</u>	<u>17,368</u>
Petroleum Supplies Available Under Special Arrangements .			1,053
Worldwide .....			<u>18,421</u>

#### 2. Net Proved Reserves of Natural Gas (billions of cubic feet) at year-end 1977

	Developed	Undeveloped	Total
United States .....	17,814	1,675	19,489
Canada .....	909	452	1,361
Other Western Hemisphere .....	271	72	343
Europe .....	20,029	2,703	22,732
Middle East and Africa .....	5,159	3,076	8,235
Australia and Far East .....	2,475	814	3,289
Worldwide .....	<u>46,657</u>	<u>8,792</u>	<u>55,449</u>

\*\* See footnote on page 1.



### 3. Net Liquids Production (thousands of barrels daily)

	<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>
United States .....	795	812	846	890	947
Canada .....	148	154	174	224	275
Other Western Hemisphere .....	16	18	947	1,243	1,395
Europe .....	80	57	46	47	51
Middle East and Africa .....	1,051	982	821	978	1,870
Australia and Far East .....	239	233	227	212	219
Total .....	<u>2,329</u>	<u>2,256</u>	<u>3,061</u>	<u>3,594</u>	<u>4,757</u>
Petroleum Supplies Available Under Special Arrangements .....	<u>2,570</u>	<u>2,893</u>	<u>1,753</u>	<u>2,120</u>	<u>1,207</u>
Worldwide .....	<u>4,899</u>	<u>5,149</u>	<u>4,814</u>	<u>5,714</u>	<u>5,964</u>

### 4. Net Natural Gas Liquids Production Included Above, Extracted from Third Party Gas Processed in Exxon Plants (thousands of barrels daily)

	<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>
United States .....	28	30	33	35	36
Foreign .....	50	48	39	27	10
Worldwide .....	<u>78</u>	<u>78</u>	<u>72</u>	<u>62</u>	<u>46</u>

### 5. Net Natural Gas Production (millions of cubic feet daily)

	<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>
United States .....	4,144	4,394	4,659	5,051	5,422
Canada .....	232	235	236	296	355
Other Western Hemisphere .....	30	39	179	149	79
Europe .....	3,638	3,923	3,685	3,580	3,058
Middle East and Africa .....	114	102	90	72	192
Australia and Far East .....	235	200	172	140	103
Worldwide .....	<u>8,393</u>	<u>8,893</u>	<u>9,021</u>	<u>9,288</u>	<u>9,209</u>

### Notes on Sub-Items 1, 2, 3, 4, and 5

#### A. Definitions Applicable to Reserves Data (Sub-Items 1 and 2)

Proved reserves are those volumes of oil and gas which geological and engineering data indicate with a high degree of certainty to be economically recoverable in the future from established reservoirs, using technically proved operating practices. Substantial new investments in additional wells and related facilities will be required to recover proved reserves efficiently from certain mature fields and new fields under development such as those on the North Slope of Alaska and in the North Sea.

Net proved reserves include 100 percent of the net reserves of Exxon and majority-owned affiliates and Exxon's ownership percentage of the net reserves of companies owned 50 percent or less and exclude reserves belonging to other joint owners or participants. Net reserves exclude royalties and quantities due others when produced whether payment is made in kind or in cash.

Gas reserves exclude the gaseous equivalent of liquids expected to be removed from the gas on leases, at field facilities or at gas processing plants. Liquids anticipated to be removed and recovered are included in the category Net Proved Reserves of Crude Oil and Natural Gas Liquids.



Reserves attributable to oil and gas discoveries reported in the Beaufort Basin of Canada, the potentially recoverable very heavy oil reserves at Cold Lake in Canada, and certain gas discoveries in Malaysia and Norway were not considered proved as of year-end 1977 and therefore are not included in the tabulation of net proved reserves.

Also excluded are reserves in the Athabasca Oil Sands, including 356 million barrels of synthetic crude which is Imperial Oil Limited's 31.25 percent interest in reserves set aside for the Syncrude project, as presently defined by Canadian government permit.

Developed reserves are those volumes which are expected to be recovered through existing wells with existing equipment and operating methods. Undeveloped reserves are those volumes which are expected to be recovered as a result of major investments, pending or in progress, to drill new wells, to recomplete existing wells, and/or to install facilities to collect and deliver the production from existing and future wells.

Petroleum Supplies Available Under Special Arrangements are volumes to be purchased in the future in Iran, under the terms of a 20-year sale and purchase agreement expiring in 1993. Purchases in other countries, including those involving government participation crude from interests formerly held by Exxon, are excluded because of uncertainty as to their duration.

## **B. Definitions Applicable to Production Data (Sub-Items 3, 4 and 5)**

Net production includes 100 percent of the net production of Exxon and majority-owned affiliates and Exxon's ownership percentage of the net production of companies owned 50 percent or less, and excludes production belonging to other joint owners or participants. Net production excludes royalties and quantities due others when produced, whether payment is made in kind or in cash.

Crude oil and NGL production is based on the volumes delivered from the lease or measured at the point of fiscalization. Point of fiscalization is the place where volume is measured for royalty and tax purposes.

Natural gas production is the volume delivered for sale from producing operations. Excluded are: gas consumed in producing operations; field processing plant losses; volumes used for gas lift, gas injection and cycling operations; quantities flared; and volume shrinkage due to the removal of condensate or NGL fractions as a result of operations which take place on leases, at field facilities and at gas processing plants.

Petroleum Supplies Available Under Special Arrangements include (i) off-take from Iran from March 21, 1973 under terms of the sale and purchase agreement with the National Iranian Oil Company, (ii) buyback of part of the governments' share of production under participation agreements effective January 1, 1973 and as amended thereafter, (iii) major purchases from others under special arrangements, and (iv) crude oil and product purchases from the Venezuelan government company, Lagoven, effective January 1, 1976.

## **C. Exxon Ownership Percentages**

### **SAUDI ARABIA**

In 1973, the government of Saudi Arabia acquired a 25 percent participation interest in the producing operations of Arabian American Oil Company (Aramco), a company in which Exxon's stock ownership was 29 percent at year-end 1977. In 1974 the government's participation interest was increased from 25 percent to 60 percent.

Exxon's share of Aramco's crude oil and gas reserves in Saudi Arabia at year-end 1977 was 11.60 percent compared with 11.73, 11.87 and 12.00 percent at year-end 1976, 1975 and 1974, respectively. Exxon's share of Aramco reserves was 22.5 percent at year-end 1973 and 30 percent for all earlier years. The changes during the past three years occurred as a result of the purchase of additional shares of Aramco stock by Mobil Oil Corporation pursuant to an agreement with Aramco. Mobil's stock ownership



percentage of Aramco is expected to increase by an additional percentage point in each of the next two years, causing a proportionate reduction of Exxon's stock ownership to  $28\frac{1}{3}$  percent as of May 1, 1979.

As provided in the General Agreement effective January 1, 1973, a significant portion of government participation oil has been available to Aramco since 1973. Exxon's liftings of these quantities have been included in Petroleum Supplies Available Under Special Arrangements in the production tables (page 3) but have not been included in the reserves tables (page 2).

The government of Saudi Arabia has made known its intention to acquire 100 percent ownership of substantially all of Aramco's assets and operations. The basic terms of the agreements have been negotiated, subject to acceptance by the government and execution of the necessary documents.

Exxon's share of Aramco's net NGL production was 29 percent at year-end 1977.

#### IRAN

A sale and purchase agreement effective in March 1973, between the Iranian government and a consortium of oil companies in which Exxon has a 7 percent interest, placed control of the facilities, operations and reserves in Iran with the government-owned National Iranian Oil Company. Under the agreement, Exxon and other consortium companies retained the right to buy substantial quantities of oil for 20 years. The terms of the sale and purchase agreement insure that Iran will receive economic benefits no less favorable than those which will accrue to other Persian Gulf producing countries. The quantity of oil lifted by Exxon under this agreement is included in Petroleum Supplies Available Under Special Arrangements in the production tables (page 3), and future availability is reflected in the reserves tables (page 2). Negotiations for a revised arrangement commenced in March 1978, and it is anticipated that any such revised arrangement will continue to include provisions for the purchase of crude oil.

#### IRAQ

In October 1973, Iraq passed Law No. 70, which directed the nationalization of Exxon's 11.875 percent interest in the operations of Basrah Petroleum Company, Limited in that country. Subsequently, Iraq passed laws directing the nationalization of the remaining interests in such operations. Resolution of all the issues raised by such laws remains to be negotiated; however, the reserves shown for year-end 1977, and the production data subsequent to October 1973, do not include volumes relating to Exxon's interest in BPC.

#### ABU DHABI

In 1974 and 1975, Exxon's share of crude oil and gas reserves and production of Abu Dhabi Petroleum Company Limited was 4.75 percent. This interest was the result of the government having obtained 60 percent participation from the beginning of 1974 and Exxon continuing to own 11.875 percent of the shares of the operating affiliate. Exxon's share of reserves and production was 8.91 percent in 1973, when government participation was 25 percent.

In March 1976, Abu Dhabi passed Law No. 4 which directed the nationalization of gas reserves including those owned by the Exxon affiliate operating in that country. The reserves shown for year-end 1977 do not include any gas reserves relating to Exxon's interest in Abu Dhabi Petroleum Company Limited.

In 1976 and 1977, Exxon's share of crude oil reserves and production remained at 4.75 percent.

#### QATAR

In September 1976, an agreement was signed whereby the government completed its acquisition of 100 percent of the assets and operations in Qatar of the Qatar Petroleum Company, Limited, a company in which Exxon's stock ownership interest is 11.875 percent. The agreements executed with the government in 1976 include a crude purchase contract in which Exxon's share amounts to an annual average of



about 15,000 barrels daily. Liftings under this contract are included in Petroleum Supplies Available Under Special Arrangements in the production tables (page 3), but future availability under this contract has not been included in the reserves tables (page 2).

#### LIBYA

In April 1974, Exxon concluded a participation agreement with the Libyan government implementing Law No. 66 of 1973, which provided for the nationalization of 51 percent of Exxon's producing operations in Libya effective September 1, 1973. Accordingly, subsequent crude oil and gas reserves and production reflect a 49 percent Exxon interest compared with a 100 percent basis for earlier periods. Exxon continues to own 100 percent of the LNG and NGL recovery facilities, and the production therefrom.

#### VENEZUELA

Following nationalization of the private petroleum industry in Venezuela on December 31, 1975, an Exxon affiliate signed an agreement with Venezuela calling for Exxon to purchase 965,000 barrels daily of crude oil and petroleum products during 1976 and giving the government the right to reduce volumes by 10 percent in 1977, an additional 5 percent in 1978, and a further 5 percent in 1979. This agreement expires December 31, 1979. Actual daily liftings in 1976 and 1977 totaled 995,000 and 825,000 barrels, respectively. These volumes are included in Petroleum Supplies Available Under Special Arrangements in the production tables (page 3) but future availability under this contract has not been included in the reserves tables (page 2).

#### MALAYSIA

In December 1976, Exxon's concessions in Malaysia were converted to production sharing agreements under which Exxon is entitled to receive up to 41 percent of the gross production for 15 years from the first commercial lifting. The 1977 figures in the production tables (page 3) reflect this change, and the corresponding share of future production volumes is reflected in the reserves table (page 2).

#### UNITED KINGDOM

In November 1977, Exxon signed agreements pursuant to a January 1977 memorandum of principles whereby the British National Oil Company (BNOC) became joint holder of license rights covering commercial fields, existing and future, on all United Kingdom continental shelf licenses in which Exxon held an interest as of year-end 1976. The agreements do not convey to BNOC any beneficial ownership of the petroleum or assets associated with such fields, but do provide BNOC the option of acquiring up to 51 percent of Exxon's net interest production from such fields at market prices. However, under normal circumstances Exxon may buy back such production at the same price. Since BNOC did not acquire any beneficial interest in production or reserves, these agreements do not affect the volumes reported in the production tables (page 3) or in the reserves tables (page 2).

### D. Special Clarifications Regarding Reserves

In the United States, Exxon's reserves include minor amounts of "indicated" crude oil, natural gas liquids, and natural gas reserves, all of which are associated with wells drilled but not yet tested. Also, Exxon's developed reserves of crude oil, natural gas liquids and natural gas include a minor proportion which is classified as non-producing. These non-producing reserves are behind the casing or at minor depths below the bottom of existing wells.

### E. Reserve Estimates Filed With Others During 1977

#### UNITED STATES

No reserves submissions were supplied to other Federal agencies covering the year 1977.



## FOREIGN

Producing affiliates in some foreign countries submitted complete or partial reserve data to host country authorities. In all cases, these were either identical to or consistent with those reported herein.

### F. Special Clarifications Regarding Natural Gas and NGL Production

In some instances, net natural gas and NGL data include estimated volumes.

#### 6. Estimated Gross Liquids and Natural Gas Availability—1978

Liquids (thousands of barrels daily)	
United States .....	955
Foreign .....	777
Total .....	1,732
Petroleum Supplies Available Under Special Arrangements	3,475
Worldwide .....	5,207
Gas (millions of cubic feet daily)	
United States .....	4,418
Foreign .....	6,377
Worldwide .....	10,795

NOTE: Gas availabilities are the volumes expected to be marketed to outsiders and include some purchases.

#### 7. Wells Producing—year-end 1977

	<u>Oil</u>	<u>Gas</u>	<u>Total</u>
Gross			
United States .....	27,415	4,749	32,164
Foreign .....	9,451	988	10,439
Worldwide .....	36,866	5,737	42,603
Net			
United States .....	10,383	2,891	13,274
Foreign .....	3,101	315	3,416
Worldwide .....	13,484	3,206	16,690

United States wells are on a completion basis, that is, one well may have more than one producing zone. Thus the United States data represent the number of completions and not the actual number of wells.

#### 8. Acreage Holdings—year-end 1977 (thousands of acres)

	<u>Producing</u>	<u>Undeveloped</u>
Gross		
United States .....	9,319	18,143
Foreign .....	82,797	404,288
Worldwide .....	92,116	422,431
Net		
United States .....	4,341	10,154
Foreign .....	16,017	194,703
Worldwide .....	20,358	204,857



## Notes on Sub-Item 8

### Summary of Acreage Terms in Key Areas

#### United States

Oil and gas exploration leases are purchased for varying periods of time, usually for five-year periods. Production leases are normally granted for the life of the fields thereon. Most lease contracts give the lessor an initial bonus payment, an annual rental payment in the absence of production, a royalty from production and/or a shut-in royalty payment under certain circumstances. The lessee receives the right to explore for oil or gas and to produce and own same except for that royalty reserved for the lessor.

#### United Kingdom

Licenses were issued in 1964, 1965, 1970 and 1972 for an initial period of six years with an option to extend the license for a further 40 years on no more than half of the license area. Licenses issued in 1977 are for an initial period of four years after which one-third of the acreage must be relinquished followed by a second period of three years after which an additional one-third of the acreage must be relinquished with an option to extend the license for a further 30 years on the remaining one-third of the acreage.

#### Norway

Licenses issued prior to 1972 are for a total period of 46 years with relinquishment of at least one-fourth of the original area required at the end of the sixth year and another one-fourth at the end of the ninth year. Licenses issued after 1972 are for a total period of 36 years with relinquishment of at least one-half of the original area required at the end of the sixth year.

#### Netherlands

Onshore: Exploration drilling permits are issued for a period of 2-5 years. Production concessions are granted after discoveries have been made, under conditions which are negotiated with the government. Normally, they are field-life concessions covering an area defined by hydrocarbon occurrences.

Offshore: Prospecting licenses issued prior to March 1976 are for a 15-year period with relinquishment of about 50 percent of the original area required at the end of ten years. Those issued after March 1976 are for ten years with relinquishment of about 50 percent of the original area required after six years. For commercial discovery within a prospecting license, a production license is issued for a 40-year period.

#### Malaysia

Production sharing contracts have an overall term of 20 years from April 1, 1975 plus any extensions to the exploration or development periods. The exploration period is 3 years with the possibility of a 2-year extension after which time areas with no commercial discoveries must be relinquished. The development period is 2 years from commercial discovery with an option to extend the period for a further 2 years and possibly longer under special circumstances, after which time areas from which commercial production has not started must be relinquished. The total production period is 15 years from first commercial lifting, not to exceed the overall term of contract.

## 9. Summary of Current Producing Operations

### Wells Drilling—year-end 1977

Gross		
United States	.....	92
Foreign	.....	89
		<hr/>
Worldwide	.....	181
		<hr/>
Net		
United States	.....	59
Foreign	.....	41
		<hr/>
Worldwide	.....	100
		<hr/>



## Review of Ongoing Activities in Key Areas

### UNITED STATES

Operations in the U. S. are conducted by Exxon Company, U. S. A., a division of Exxon Corporation. Some of the Company's more important U. S. activities are:

- Participation in the development of the Prudhoe Bay field on the North Slope of Alaska. Industry reserves for the field are 9.8 billion barrels of liquids and 26.0 trillion cubic feet of gas.
- Development of the Santa Ynez Unit in the Santa Barbara Channel off southern California. The platform for the initial development of the Hondo field (part of the Santa Ynez Unit) was placed in 850 feet of water in the summer of 1976. Drilling began in September 1977 and is continuing, with initial production scheduled for the latter part of 1978.
- Secondary recovery. Over one-half of Exxon's crude production in the U. S. comes from reservoirs which have some form of additional recovery program. An important new secondary recovery project is the Hawkins field, a major East Texas oil field in which Exxon has approximately an 80 percent share.

### EUROPE

In the U. K. Exxon, jointly with Shell, had North Sea licenses covering 2.3 million gross acres at year-end 1977. The two companies are continuing to carry out intensive exploration programs on these licenses. Exxon owns an interest in three currently producing oil fields and two currently producing gas fields.

In Norway, Exxon's net interest in North Sea licenses totals 0.6 million acres. Production is expected to begin in 1979.

In the Netherlands, Exxon, jointly with Shell, had licenses covering 3.2 million acres onshore and 2.4 million acres offshore. The most important of the onshore areas is Groningen where one of the world's largest gas fields was discovered in 1960. Significant gas discoveries also have been made offshore and gas sales from these properties commenced in late 1977.

### FAR EAST

In Malaysia, Exxon had contracts covering 10.7 million acres offshore at year-end 1977. During 1977, two platforms were installed and construction has begun on two additional platforms to be installed in 1978.



Item 4. Parents and Subsidiaries of Registrant.

At December 31, 1977

Parents of Registrant.

None.

Subsidiaries of Registrant. (1), (2), (3) and (8)

	Percentage of Voting Securities Owned by Immediate Parent	State or Country of Organization
Aksjeselskapet Norske Esso .....	99.99	Norway
Dansk Esso A/S .....	100.	Denmark
Esso A. G. ....	100.	Germany
Esso Chemie GmbH .....	100.	Germany
Esso Brasileira de Petroleo S.A. ....	100.	Brazil
Esso Chimie .....	98.64	France
Esso Eastern Inc. ....	100.	Delaware
Esso Australia Ltd. ....	100.	Australia
Altona Petrochemical Company Limited(4), (5) .....	50.	Australia
Petroleum Refineries (Australia) Proprietary Limited(5) ..	35.	Australia
Eastern Energy Limited .....	100.	Hong Kong
Peninsula Electric Power Company Limited .....	60.	Hong Kong
Esso Exploration and Production Australia Inc. ....	100.	Delaware
Esso Malaysia Berhad .....	65.	Malaysia
Esso Production Malaysia Inc. ....	100.	Delaware
Esso Standard Sekiyu K. K. ....	100.	Japan
General Sekiyu Seisei K. K.(4), (5) .....	50.	Japan
Esso Standard Thailand Ltd. ....	100.	Thailand
P. T. Stanvac Indonesia(4), (5) .....	50.	Indonesia
Toa Nenryo Kogyo K. K.(5) .....	25.	Japan
Esso Europe Supply Company Inc. ....	100.	Delaware
Esso Holding Company Holland Inc. ....	100.	Delaware
Esso Chemie N. V. ....	100.	Netherlands
Esso-Nederland B. V. ....	100.	Netherlands
N.V. Nederlandse Gasunie(5) .....	25.	Netherlands
Nederlandse Aardolie Maatschappij B. V.(4), (5) .....	50.	Netherlands
S.A. Esso N. V.(9) .....	99.99	Belgium
Esso Holding Company U.K. Inc. ....	100.	Delaware
Esso Chemical Limited .....	100.	Great Britain
Esso Petroleum Company, Limited .....	100.	Great Britain
Esso Italiana-S.p.A.(6) .....	99.	Italy
S.p.A. Raffineria Padana Olii Minerali-Sarpom .....	64.16	Italy
Esso Pakistan Fertilizer Company Limited .....	75.	Pakistan
Esso Standard Oil S. A. Limited .....	100.	Bahama Islands
Esso (Switzerland) .....	99.99	Switzerland
Exxon Enterprises Inc. ....	100.	Delaware
Exxon Overseas Corporation .....	100.	Delaware



	Percentage of Voting Securities Owned by Immediate Parent	State or Country of Organization
Arabian American Oil Company(5), (7) .....	29.	Delaware
Esso Sirte Inc. ....	100.	Delaware
Esso Standard Libya Inc. ....	100.	Delaware
Exxon Overseas Investment Corporation .....	100.	Delaware
Exxon Overseas Services, S.A. ....	100.	Republic of Panama
Esso Tankers Inc. ....	100.	Liberia
Esso Tankvaart Nederlandse Antillen N.V. ....	100.	Netherlands Antilles
Exxon Pipeline Company .....	100.	Delaware
Plantation Pipe Line Company(5) .....	48.83	Delaware
Exxon Research and Engineering Company .....	100.	Delaware
Imperial Oil Limited .....	69.62	Canada
Imperial Oil Enterprises Ltd. ....	100.	Canada
Interprovincial Pipe Line Limited(5) .....	32.85	Canada
Lago Oil & Transport Company, Limited .....	100.	Delaware
oy Esso ab .....	100.	Finland
Svenska Esso Aktiebolag .....	100.	Sweden
United Petroleum Securities Corporation .....	80.02	Delaware
Esso S.A.F. ....	81.55	France

NOTES:

(1) For purposes of this list, the definition of subsidiary is as stated in Instruction 6 to Item 4 of Form 10-K.

(2) With respect to certain companies, shares in names of nominees and qualifying shares in names of directors are included in the above percentages.

(3) The names of other subsidiaries have been omitted from the above list since, if considered in the aggregate, they would not constitute a significant subsidiary. With the exception of the subsidiaries covered by footnotes (4) and (5) below, the subsidiaries named above are included in the consolidated financial statements appearing on pages 26 to 36 of the accompanying 1977 Annual Report to shareholders.

(4) The registrant owns directly or indirectly approximately 50 percent of the voting securities of this person and approximately 50 percent of the voting securities of this person is owned directly or indirectly by another single interest.

(5) The investment in this unconsolidated person is accounted for by the equity method.

(6) Dual ownership; of the 99%, 9% is owned by Exxon Overseas Corporation.

(7) Represents percentage of the shareholder interest (exclusive of the participation interest of the government of Saudi Arabia in producing operations—see Note 13 to the financial statements, which note appears on page 34 of the accompanying 1977 Annual Report to shareholders).

(8) The separate financial statements of Arabian American Oil Company (ARAMCO) have been omitted as the registrant believes that the inclusion of such statements is not necessary for the protection of investors. Summarized financial data for Aramco are included in the additional financial data appearing on page S-5. Summarized financial information for other companies owned 50% or less and which are accounted for by the equity method is included in Note 5 to the financial statements, which note appears on page 32 of the accompanying 1977 Annual Report to shareholders.

(9) Dual ownership; of the 99.99%, 1.09% is owned by Exxon Corporation.



## **Item 5. Legal Proceedings.**

As of February 28, 1978, five separate civil antitrust proceedings were pending against the registrant, in each case along with a number of other petroleum company defendants. Involved are alleged violations of federal and state monopoly and restraint of trade statutes. These actions are:

1. a complaint by the Federal Trade Commission, which was filed on July 20, 1973, in connection with which the FTC staff counsel has informed the registrant that divestiture of certain refining and pipeline assets and other injunctive relief will be sought;

2. a civil action by the State of Florida, commenced on July 9, 1973, in the U. S. District Court for the Northern District of Florida, Tallahassee Division, seeking treble damages on behalf of the State and classes of petroleum product consumers and injunctive relief, including divestiture by registrant of exploration and production activities;

3. a civil action by the State of Connecticut, commenced on July 25, 1973, in the U. S. District Court for the District of Connecticut, seeking treble damages on behalf of the State and classes of other consumers of petroleum products and injunctive relief, including divestiture by registrant of production, exploration and pipeline activities;

4. a civil action by the State of Kansas, commenced on October 8, 1974, in the U. S. District Court for the District of Kansas (Topeka Division), seeking treble damages on behalf of the State and classes of other consumers of petroleum products and injunctive relief, including divestiture by registrant of exploration and production activities; and

5. a civil action by the State of California, commenced on June 25, 1975, in the U. S. District Court for the Northern District of California, seeking treble damages on behalf of the State and classes of other consumers of petroleum products and injunctive relief, including divestiture by registrant of interests in the production of crude oil in California.

Consolidated pretrial proceedings in the four civil antitrust actions brought by the States of Florida, Connecticut, Kansas and California, which are described above, are being conducted in the U. S. District Court for the Central District of California pursuant to the transfer of such cases to that Court by the Judicial Panel on Multidistrict Litigation.

The allegations of unlawful practices in the five actions have been denied and will be defended by the registrant.

As of February 28, 1978, the registrant was a party to a number of administrative or judicial proceedings by government authorities arising under various Federal, State or local provisions regulating the discharge of materials into the environment or otherwise relating to the protection of the environment, none of which is material to the business or financial condition of the registrant. The following is a brief description of such proceedings:

### **Air Quality**

Twelve suits were pending, each alleging a violation of Federal unleaded fuel regulations and each seeking to impose a civil penalty amounting to \$9,000.

The registrant had pending against it 16 administrative notices of violations alleging violation of State or local environmental rules or regulations. In addition, the registrant was subject to three plans for compliance with Federal and State statutes.

There were also pending 75 State and local applications for permits to construct or operate facilities. There were also pending 48 applications for construction permits and related variances pending on the State and local level in connection with the installation of vapor recovery systems, as well as compliance schedules covering vapor recovery systems at 507 service stations.

### **Water Quality**

There were pending two suits, each alleging a violation of Federal oil spill provisions seeking to impose penalties amounting in the aggregate to \$10,000.



Two suits were pending against the registrant and others by State authorities: one alleging a violation of a local ordinance and the other seeking to enjoin the construction and operation of offshore facilities in connection with development of Federal leases.

The registrant had outstanding against it 77 administrative notices or citations alleging violations of Federal oil spill provisions, having a maximum liability of a \$5,000 civil penalty or fine for each occurrence. Nine administrative notices of violation on the local level were also pending, as were four citations alleging violations of Federal regulations relating to oil spill prevention, control and countermeasures. The registrant is subject to one Federal compliance order.

The registrant had pending 209 applications for NPDES or similar State or local water or waste discharge permits. In addition, 30 applications for permits to operate or construct facilities, dredge or perform maintenance work were pending.

#### Item 6. Increases and Decreases in Outstanding Securities and Indebtedness.

##### (a) Increases and decreases in equity securities of the registrant during 1977.

	Number of Shares of Capital Stock, No Par		
	Authorized and Issued Shares	Less Shares Held in Treasury	Number of Shares Outstanding
Balance at December 31, 1976 .....	453,204,512	5,116,365	448,088,147
Changes during 1977*:			
Purchases of previously issued shares .....		907,300	(907,300)
Treasury shares used for:			
Stock options exercised .....		(175,266)	175,266
Satisfaction of bonus plan awards .....		(9,011)	9,011
Satisfaction of stock appreciation rights .....		(34,641)	34,641
Balance at December 31, 1977 .....	<u>453,204,512</u>	<u>5,804,747</u>	<u>447,399,765</u>

\* Transactions occurred periodically throughout the year.

##### (b) Increases and decreases in the amount outstanding of debt securities and indebtedness of the registrant previously reported in reports on Form 10-Q during 1977.

None.

##### (c) Increases and decreases in the amount of debt securities and indebtedness of the registrant.

(1) City of Valdez, Alaska, 5.50% Marine Terminal Reserve Bonds (Exxon Pipeline Company Project) Series A—Due May 1, 2007; authorized \$250,000,000; outstanding as of December 31, 1977—\$250,000,000.

(2) The Bonds were issued to provide funds for the acquisition, construction and equipping of certain docks, wharves and facilities directly related thereto and real property and interests therein constituting a portion of the Trans Alaska Pipeline System Marine Terminal (the "TAPS Marine Terminal") constructed in Port Valdez in the City of Valdez, Alaska. The City acquired a leasehold interest in the undivided interest of Exxon Pipeline Company (the "Company") in the TAPS Marine Terminal (the "Project") pursuant to a Lease, dated as of May 1, 1977 (the "Lease"), between the City and the Company. The City subleased the Project to the Company pursuant to a Sublease Agreement, dated as of May 1, 1977 (the "Sublease"), between the City and the Company. The Bonds were issued pursuant to an Indenture of Trust, dated as of May 1, 1977 (the "Indenture"), between the City and The Bank of New York, as Trustee (the "Trustee"). The Bonds are secured by the subrents derived under the



Sublease, which subrents will be sufficient to pay the principal of, premium, if any, and interest on the Bonds. In addition, pursuant to a Guarantee Agreement, dated as of May 1, 1977 (the "Guarantee Agreement"), Exxon Corporation (the "Guarantor") has guaranteed to the Trustee, for the benefit of the holders of the Bonds and of the coupons appertaining thereto, the payment of the principal of, premium, if any, and interest on the Bonds.

(3) (i) The aggregate net cash proceeds from the sale of the Bonds (after deducting accrued interest and interest on escrow deposits) amounted to \$246,455,000.

(ii) Not applicable.

(iii) The proceeds from the sale of the Bonds (other than accrued interest on the Bonds paid by the initial purchasers which was deposited in the Bond Fund) were deposited with the Trustee in the Project Acquisition Fund established under the Indenture (the "Project Acquisition Fund"). Subject to certain exceptions set forth in the Indenture, the Trustee shall apply the moneys in the Project Acquisition Fund to the payment of a portion of the costs of the acquisition, construction and equipping of the TAPS Marine Terminal, the Trustee's and any co-paying agent's initial fees, all costs in connection with the issuance of the Bonds, and certain other costs specified in the Lease (the "Project Costs").

(iv) The securities were not registered under the Securities Act of 1933 on the basis of the availability of an exemption for the offer and sale thereof under Section 3(a)(2), as a security which is an industrial development bond, the interest on which is excludable from gross income under the appropriate sections of the Internal Revenue Code of 1954, as amended. The Registrant has been advised by Bond Counsel that the Bonds qualify as industrial development bonds (as that term is defined in Section 103(c)(2) of the Internal Revenue Code of 1954), the interest on which is excludable from gross income under Section 102(a)(1) of such Code, by virtue of the exception provided in Section 103(c)(4)(f) of the Code.

(4) Not applicable.

**Item 7. Changes in Securities and Changes in Security for Registered Securities.**

Not applicable.

**Item 8. Defaults upon Senior Securities.**

Not applicable.

**Item 9. Approximate Number of Equity Security Holders.**

At March 1, 1978

<u>Title of Class</u>	<u>Number of Record Holders</u>
Capital Stock .....	690,110

**Item 10. Submission of Matters to a Vote of Security Holders.**

Not applicable.



Item 11. Executive Officers of the Registrant.

<u>Name</u>	<u>Age</u> as of 3/31/78	<u>Title</u> <u>(Date of Appointment)</u>
C. C. Garvin, Jr. ....	56	Chairman of the Board (1975)
H. C. Kauffmann ....	55	President (1975)
T. D. Barrow ....	53	Senior Vice President (1972)
J. F. Bennett ....	54	Senior Vice President (1975)
J. G. Clarke ....	50	Senior Vice President (1975)
D. M. Cox ....	55	Senior Vice President (1971)
G. T. Piercy ....	62	Senior Vice President (1970)
Norton Belknap ....	52	Vice President—Corporate Planning (1973)
R. N. Dolph ....	52	Vice President (1976)
C. J. Hedlund ....	60	Vice President—Middle East (1968)
R. H. Herman, Jr. ....	47	Vice President—Marketing (1975)
W. D. Stevens ....	43	Vice President—Gas (1978)
F. A. L. Holloway ....	63	Vice President—Science and Technology (1973)
E. C. Holmer ....	57	Vice President (1973)
T. A. Kirkley ....	46	Vice President—Logistics (1975)
W. M. McCardell ....	54	Vice President—Mining and Synthetic Fuels (1977)
D. K. McIvor ....	49	Vice President—Producing (1977)
Randall Meyer ....	55	Vice President (1973)
D. E. Smiley ....	46	Vice President—Washington Office (1978)
S. Stamas ....	46	Vice President—Public Affairs (1973)
R. A. Winslow ....	56	Vice President (1974)
R. E. Faggioli ....	56	Secretary (1977)
A. C. Hamilton ....	56	Treasurer (1970)
U. J. LeGrange ....	46	Controller (1977)
R. S. Lombard ....	50	General Counsel (1976)
A. M. Hayes ....	62	General Tax Counsel (1976)

For at least the past five years, Messrs. Garvin, Barrow, Cox, Piercy, Hedlund, Holloway, Smiley, Hamilton, Lombard and Hayes have been employed as executives of the registrant.

The following executive officers of the registrant have also served as executives of the subsidiaries, affiliates or divisions of the registrant shown opposite their names during the five years preceding December 31, 1977 and prior to their appointment as executive officers of the registrant:

Exxon Company, U. S. A. ....	Meyer, Stamas and Stevens
Exxon Chemical Company ....	Holmer and Winslow
Esso Europe Inc. ....	Kauffmann, Clarke and Belknap
Esso Exploration Inc. ....	Faggioli
Exxon International Company ....	Herman and Kirkley
Exxon Pipeline Company ....	LeGrange
Creole Petroleum Corporation ....	Dolph
Imperial Oil Company Ltd. ....	McIvor
Esso Eastern Inc. ....	McCardell

Mr. Bennett was elected a Senior Vice President of the registrant effective August 1, 1975. From 1971 to 1974 he served as Deputy Undersecretary for Monetary Affairs, U. S. Department of the Treasury, and from 1974 until his election as an officer of the registrant as Undersecretary of the Treasury for Monetary Affairs. Prior to his service with the Government, Mr. Bennett had served as an executive of Exxon International Company.



**Item 12. Indemnification of Directors and Officers.**

The registrant has no charter or by-law provision relating to indemnification of directors or officers.

Section 14A:3-5 of Title 14A of the New Jersey Statutes (the New Jersey Business Corporation Act) provides as follows:

“Indemnification of directors, officers and employees

(1) As used in this section,

(a) ‘corporate agent’ means any person who is or was a director, officer, employee or agent of the indemnifying corporation or of any constituent corporation absorbed by the indemnifying corporation in a consolidation or merger and any person who is or was a director, officer, trustee, employee or agent of any other enterprise, serving as such at the request of the indemnifying corporation, or of any such constituent corporation, or the legal representative of any such director, officer, trustee, employee or agent;

(b) ‘other enterprise’ means any domestic or foreign corporation, other than the indemnifying corporation, and any partnership, joint venture, sole proprietorship, trust or other enterprise, whether or not for profit, served by a corporate agent;

(c) ‘expenses’ means reasonable costs, disbursements and counsel fees;

(d) ‘liabilities’ means amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties; and

(e) ‘proceeding’ means any pending, threatened or completed civil, criminal, administrative or arbitral action, suit or proceeding, and any appeal therein and any inquiry or investigation which could lead to such action, suit or proceeding.

(2) Any corporation organized for any purpose under any general or special law of this State shall have the power to indemnify a corporate agent against his expenses and liabilities in connection with any proceeding involving the corporate agent by reason of his being or having been such a corporate agent, other than a proceeding by or in the right of the corporation, if

(a) such corporate agent acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation; and

(b) with respect to any criminal proceeding, such corporate agent had no reasonable cause to believe his conduct was unlawful.

The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that such corporate agent did not meet the applicable standards of conduct set forth in paragraphs 14A:3-5(2)(a) and 14A:3-5(2)(b).

(3) Any corporation organized for any purpose under any general or special law of this State shall have the power to indemnify a corporate agent against his expenses in connection with any proceeding by or in the right of the corporation to procure a judgment in its favor which involves the corporate agent by reason of his being or having been such corporate agent, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation. However, in such proceeding no indemnification shall be provided in respect of any claim, issue or matter as to which such corporate agent shall have been adjudged to be liable for negligence or misconduct, unless and only to the extent that the Superior Court or the court in which such proceeding was brought shall determine upon application that despite the adjudication of liability, but in view of all circumstances of the case, such corporate agent is fairly and reasonably entitled to indemnity for such expenses as the Superior Court or such other court shall deem proper.



(4) Any corporation organized for any purpose under any general or special law of this State shall indemnify a corporate agent against expenses to the extent that such corporate agent has been successful on the merits or otherwise in any proceeding referred to in subsections 14A :3-5(2) and 14A :3-5(3) or in defense of any claim, issue or matter therein.

(5) Any indemnification under subsection 14A :3-5(2) and, unless ordered by a court, under subsection 14A :3-5(3), may be made by the corporation only as authorized in a specific case upon a determination that indemnification is proper in the circumstances because the corporate agent met the applicable standard of conduct set forth in subsection 14A :3-5(2) or subsection 14A :3-5(3). Unless otherwise provided in the certificate of incorporation or by-laws, such determination shall be made

(a) by the board of directors or a committee thereof, acting by a majority vote of a quorum consisting of directors who were not parties to or otherwise involved in the proceeding; or

(b) if such quorum is not obtainable, or, even if obtainable and such quorum of the board of directors or committee by a majority vote of the disinterested directors so directs, by independent legal counsel in a written opinion, such counsel to be designated by the board of directors; or

(c) by the shareholders if the certificate of incorporation or by-laws or a resolution of the board of directors or of the shareholders so directs.

(6) Expenses incurred by a corporate agent in connection with a proceeding may be paid by the corporation in advance of the final disposition of the proceeding if authorized in the manner provided in subsection 14A :3-5(5) upon receipt of an undertaking by or on behalf of the corporate agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified as provided in this section.

(7) (a) If a corporation upon application of a corporate agent has failed or refused to provide indemnification as required under subsection 14A :3-5(4) or permitted under subsections 14A :3-5(2), 14A :3-5(3) and 14A :3-5(6), a corporate agent may apply to a court for an award of indemnification by the corporation, and such court

(i) may award indemnification to the extent authorized under subsections 14A :3-5(2) and 14A :3-5(3) and shall award indemnification to the extent required under subsection 14A :3-5(4), notwithstanding any contrary determination which may have been made under subsection 14A :3-5(5); and

(ii) may allow reasonable expenses to the extent authorized by, and subject to the provisions of, subsection 14A :3-5(6), if the court shall find that the corporate agent has by his pleadings or during the course of the proceeding raised genuine issues of fact or law.

(b) Application for such indemnification may be made

(i) in the civil action in which the expenses were or are to be incurred or other amounts were or are to be paid; or

(ii) to the Superior Court in a separate proceeding. If the application is for indemnification arising out of a civil action, it shall set forth reasonable cause for the failure to make application for such relief in the action or proceeding in which the expenses were or are to be incurred or other amounts were or are to be paid.

The application shall set forth the disposition of any previous application for indemnification and shall be made in such manner and form as may be required by the applicable rules of court or, in the absence thereof, by direction of the court to which it is made. Such application shall be upon notice to the corporation. The court may also direct that notice shall be given at the expense of the corporation to the shareholders and such other persons as it may designate in such manner as it may require.



(8) The indemnification provided by this section shall not exclude any other rights to which a corporate agent may be entitled under a certificate of incorporation, by-law, agreement, vote of shareholders, or otherwise.

(9) Any corporation organized for any purpose under any general or special law of this State shall have the power to purchase and maintain insurance on behalf of any corporate agent against any expenses incurred in any proceeding and any liabilities asserted against him by reason of his being or having been a corporate agent, whether or not the corporation would have the power to indemnify him against such expenses and liabilities under the provisions of this section.

(10) The powers granted by section 14A:3-5 may be exercised by the corporation notwithstanding the absence of any provision in its certificate of incorporation or by-laws authorizing the exercise of such powers.

(11) Except as required by subsection 14A:3-5(4), no indemnification shall be made or expenses advanced by a corporation under this section, and none shall be ordered by a court, if such action would be inconsistent with a provision of the certificate of incorporation, a by-law, a resolution of the board of directors or of the shareholders, an agreement or other proper corporate action, in effect at the time of the accrual of the alleged cause of action asserted in the proceeding, which prohibits, limits or otherwise conditions the exercise of indemnification powers by the corporation or the rights of indemnification to which a corporate agent may be entitled."

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

For the three-year period commencing September 1, 1976, the registrant has purchased insurance coverage from United States Fire Insurance Company. In general, such insurance provides, subject to the deductibles and self-insurance participation set forth in the policy, coverage up to \$25 million for (i) payment on behalf of the registrant of amounts which the registrant is required or permitted to pay as indemnification to any director or officer in respect of covered claims asserted against such director or officer for any wrongful act, which is defined, with certain exclusions, as any actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty by such directors or officers while acting in their individual or collective capacities, or any matter, not excluded by the terms and conditions of the insurance policy, claimed against them solely by reason of their being directors or officers of the registrant, and (ii) payment on behalf of directors and officers of amounts they are legally obligated to pay because of covered risks for which the registrant is not required or permitted to indemnify them. Coverage provided by this insurance was increased from \$20 million to \$25 million effective April 29, 1977.

In addition, for the protection of the members of the Special Committee on Litigation of its Board of Directors, the registrant has obtained, with effect from January 28, 1976, a Special Contingent Policy which provides to Edward G. Harness, Sir Richard Dobson and Jack F. Bennett coverage, up to the aggregate collective amount of \$10 million per year, in accordance with the terms and conditions of the predecessor policy to that referred to above for liability arising out of their activities as directors and members of the Special Committee should the primary insurer, by final adjudication of a court of competent jurisdiction, rescind its policy either in its entirety or with respect to any of the three named members of the Special Committee. This Special Contingent Policy excludes any claim or claims for which the registrant may grant indemnification and any direct claim against the Special Committee members by the registrant or any subsidiary or any director or officer of either.



**Item 13. Financial Statements, Exhibits Filed, and Reports on Form 8-K.**

(a)(1) Financial statements.

See accompanying Index to Financial Statements.

(a)(2) Exhibits Filed.

Exhibit A. Form 11-K Annual Report of the Thrift Plans of Exxon Corporation and Participating Affiliated Employers.

Exhibit B. Form 11-K Annual Report of the Thrift Plan for Wage Employees of Exxon Nuclear Company, Inc.

(b) Reports on Form 8-K.

The Registrant has not filed any reports on Form 8-K during the last quarter of 1977.



## PART II

Items 14 to 18, inclusive.

These items have been omitted in accordance with Rule H of the General Instructions. The registrant, since the close of its last fiscal year, has filed with the Commission a definitive proxy statement pursuant to Regulation 14A which involved the election of directors.

### SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

EXXON CORPORATION  
(Registrant)

By U. J. LeGRANGE  
(U. J. LeGrange, Controller)

Dated: March 29, 1978

(SEAL)

Attest:

(Assistant Secretary)



## INDEX TO FINANCIAL STATEMENTS

The financial statements, together with the report thereon of Price Waterhouse & Co., dated March 1, 1978, appearing on pages 26 to 36 of the accompanying 1977 Annual Report to shareholders are incorporated in this Form 10-K Annual Report. With the exception of the aforementioned information no other data appearing in the 1977 Annual Report to shareholders is deemed to be filed as part of this Annual Report under Item 13(a)(1). The following additional financial data should be read in conjunction with the financial statements in such 1977 Annual Report to shareholders. Schedules not included with this additional financial data have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto. The separate financial statements of Arabian American Oil Company (Aramco) have been omitted as the Corporation believes that the inclusion of such statements is not necessary for the protection of investors. Summarized financial data for Aramco are included in the additional financial data appearing on page S-5. Summarized financial information for other companies owned 50% or less and which are accounted for by the equity method is included in Note 5 to the financial statements, which note appears on page 32 of the accompanying 1977 Annual Report to shareholders.

### ADDITIONAL FINANCIAL DATA

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### CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the application of our report, which appears on page 30 of the 1977 Annual Report to shareholders of Exxon Corporation, to the additional financial data listed in the foregoing index when this data is read in conjunction with the financial statements in such 1977 Annual Report to shareholders; our report and the financial statements have been incorporated in this Annual Report on Form 10-K. The examinations referred to in our report included examinations of the additional financial data.

PRICE WATERHOUSE & Co.

153 East 53rd Street  
New York, N. Y. 10022  
March 1, 1978



# EXXON CORPORATION

## ADDITIONAL FINANCIAL DATA

(Expressed in thousands of dollars)

### Parent Corporation Financial Information:

Following are statements of financial position at December 31, 1977 and 1976 and of income and earnings reinvested and of changes in financial position for the years then ended of Exxon Corporation.

#### Financial Position—

ASSETS		
	1977	1976
Current assets		
Cash .....	\$ 159,867	\$ 136,223
Marketable securities, at cost, which approximates market .....	1,961,146	2,600,377
Notes and accounts receivable, less estimated doubtful amounts of \$29,032 and \$30,719 (Schedule XII) .....	3,151,216	3,081,748
Inventories:		
Crude oil, products and merchandise .....	703,933	546,714
Materials and supplies .....	226,520	203,047
Prepaid taxes and other expenses .....	141,568	77,844
Total current assets .....	6,344,250	6,645,953
Investments and advances, at cost, less reserves:		
Investments in consolidated companies (Schedule III), less reserves of \$945,269 and \$838,215 (Schedule XII) .....	4,365,567	4,084,313
Advances to consolidated companies (Schedule IV), less reserves of \$74,547 and \$72,224 (Schedule XII) .....	1,522,535	1,463,604
Other investments and advances, less reserves of \$70,503 and \$71,898 (Schedule XII) .....	90,880	85,320
Total investments and advances .....	5,978,982	5,633,237
Property, plant and equipment, at cost (Schedule V), less accumulated depreciation and depletion of \$5,492,964 and \$5,070,556 (Schedule VI) .....	7,342,807	6,857,942
Deferred charges and other assets .....	422,877	465,143
Total assets .....	\$20,088,916	\$19,602,275
LIABILITIES		
Current liabilities		
Notes and loans payable .....	\$ 5,477	\$ 7,286
Accounts payable (trade) .....	1,245,653	1,071,498
Income taxes payable .....	484,513	433,961
Accrued liabilities .....	448,940	348,251
Indebtedness to consolidated companies .....	1,194,662	2,213,973
Total current liabilities .....	3,379,245	4,074,969
Long-term debt of consolidated companies deposited with the Corporation (Schedule X) .....	119,794	214,205
Long-term debt (See Note 4 of Annual Report to shareholders) .....	771,780	785,900
Deferred income taxes (\$897,694 and \$748,247) and other credits .....	927,774	768,364
Annuity and other reserves (Schedule XII) .....	98,557	70,091
Total liabilities .....	\$ 5,297,150	\$ 5,913,529
SHAREHOLDERS' EQUITY		
Capital (See Note 10 of Annual Report to shareholders) .....	\$ 2,572,063	\$ 2,608,591
Earnings reinvested (Page S-3) .....	12,219,703	11,080,155
Total shareholders' equity .....	\$14,791,766	\$13,688,746



# EXXON CORPORATION

## ADDITIONAL FINANCIAL DATA (Continued) (Expressed in thousands of dollars)

### Parent Corporation Financial Information (Continued):

	1977	1976
<b>Income and Earnings Reinvested—</b>		
Revenue		
Sales and other operating revenue .....	\$28,252,852	\$27,104,335
Dividends from investments in consolidated companies (Schedule III) .....	1,569,294	871,070
Dividends from other investments (Schedule III) .....	14,846	12,842
Interest from consolidated companies .....	63,784	70,660
Other interest and other revenue .....	179,537	218,388
	<u>30,080,313</u>	<u>28,277,295</u>
Costs and other deductions		
Crude oil and product purchases .....	20,484,573	19,957,824
Operating expenses .....	2,562,371	2,054,286
Selling, general and administrative expenses .....	1,114,138	1,029,928
Depreciation and depletion (Schedule VI) .....	652,334	676,767
Exploration expenses, including dry holes .....	302,467	217,467
Income, excise and other taxes		
Income, including deferred of \$153,208 and \$305,594 .....	1,039,128	1,022,419
Excise, duties and other .....	1,363,219	1,311,048
Interest paid to consolidated companies .....	27,961	47,313
Other interest expense .....	50,705	48,071
	<u>27,596,896</u>	<u>26,365,123</u>
Net income .....	2,483,417	1,912,172
Earnings reinvested at beginning of year .....	11,080,155	10,388,117
	<u>13,563,572</u>	<u>12,300,289</u>
Dividends (\$3.00 in 1977 and \$2.725 in 1976) .....	(1,343,869)	(1,220,134)
Earnings reinvested at end of year .....	<u>\$12,219,703</u>	<u>\$11,080,155</u>
<b>Changes in Financial Position—</b>		
Sources of funds		
Net income .....	\$ 2,483,417	\$ 1,912,172
Charges not requiring funds .....		
Depreciation and depletion .....	652,334	676,767
Additions to deferred income tax credits .....	149,447	323,340
	<u>3,285,198</u>	<u>2,912,279</u>
Funds provided from operations .....	145,490	41,560
Sales of property, plant and equipment .....	5,388	58,123
Additions to long-term debt .....	42,123	64,285
Reductions in deferred charges and other assets .....	28,466	(5,210)
Additions to annuity and other reserves .....	12,814	611
Other—net .....	<u>\$ 3,519,479</u>	<u>\$3,071,648</u>
Uses of funds		
Additions to property, plant and equipment .....	\$ 1,285,397	\$ 1,691,311
Additions to investments and advances .....	345,745	122,184
Cost of shares reacquired, net of proceeds from shares sold .....	36,528	(25,111)
Cash dividends to Exxon shareholders .....	1,343,869	1,220,134
Reductions in long-term debt .....	113,919	268,941
Additions to working capital .....	394,021	(205,811)
	<u>\$3,519,479</u>	<u>\$3,071,648</u>

Changes in the components of working capital from the previous years are as follows:

	Increase/(Decrease)	
	1977	1976
<b>Current assets:</b>		
Cash and marketable securities .....	\$ (615,587)	\$ (239,578)
Notes and accounts receivable .....	69,468	103,564
Inventories .....	180,692	149,621
Prepaid taxes and other expenses .....	63,724	34,024
	<u>(301,703)</u>	<u>47,631</u>
Current liabilities .....	<u>(695,724)</u>	<u>253,442</u>
Change in working capital .....	<u>\$ 394,021</u>	<u>\$ (205,811)</u>



# EXXON CORPORATION

## ADDITIONAL FINANCIAL DATA (Continued)

(Expressed in thousands of dollars)

### Parent Corporation Financial Information (Continued):

Inventories of crude oil, products and merchandise are carried at the lower of current market value or cost, determined under the last-in, first-out method. Inventories of materials and supplies are valued at cost or less. The excess of replacement cost in 1977 and 1976 over the carrying amount of inventory determined under the last-in, first-out method approximated \$1,060,000 and \$970,000 at December 31, 1977 and 1976, respectively. Inventories used in the computation of the Corporation's cost of goods sold amounted to \$435,801, \$546,714 and \$703,933 at December 31, 1975, 1976 and 1977, respectively.

Corporation notes and accounts receivable include trade amounts of \$3,013,077 and \$2,970,622 at December 31, 1977 and 1976, respectively. Trade amounts at December 31, 1977 and 1976 include \$1,187,384 and \$1,163,072, respectively, receivable from consolidated companies.

The components of current income tax expense were: 1977—U. S. Federal \$797,516, State \$20,765 and Foreign \$67,639; 1976—U. S. Federal \$666,815, State \$15,774 and Foreign \$34,236.

Corporation marketable securities at December 31, 1977 comprised the following:

<u>Name of issuer and title of issue</u>	<u>At Cost</u>	<u>At Market</u>
Securities of the U. S. Federal government and its agencies .....	\$1,329,263	\$1,325,507
Securities of states and other political subdivisions of the United States and their agencies .....	89,535	89,281
Bankers' acceptances and certificates of deposit .....	198,774	198,759
Securities purchased under resale agreements .....	119,150	119,150
Other securities of banks and corporations .....	231,224	228,449
Reserves (Schedule XII) .....	(6,800)	—
	<u>\$1,961,146</u>	<u>\$1,961,146</u>

Information with respect to contingent liabilities is reported in Note 15 to the financial statements, which note appears on page 35 of the 1977 Annual Report to shareholders. Of the \$480,000 consolidated amount of contingent liabilities for guarantees of notes, loans and performance under contracts, \$76,000 is applicable to obligations of the Corporation. Additionally, the Corporation has guaranteed obligations of consolidated subsidiaries in the amount of \$1,775,000 at December 31, 1977.

### Supplementary Information to Notes to Consolidated Financial Statements Included in the Annual Report to Shareholders:

Consolidated marketable securities at December 31, 1977 comprised the following:

<u>Name of issuer and title of issue</u>	<u>At Cost</u>	<u>At Market</u>
Securities of the U. S. Federal government and its agencies .....	\$1,391,916	\$1,388,214
Securities of states and other political subdivisions of the United States and their agencies .....	89,535	89,281
Securities of foreign governments and their agencies and political subdivisions .....	438,395	435,745
Bankers' acceptances and certificates of deposit .....	489,208	488,836
Securities purchased under resale agreements .....	142,920	142,920
Other securities of banks and corporations .....	543,084	541,103
Other .....	236	217
Reserves (Schedule XII) .....	(8,978)	—
	<u>\$3,086,316</u>	<u>\$3,086,316</u>

Consolidated notes and accounts receivable comprised the following:

	<u>1977</u>	<u>1976</u>
Trade, less reserves of \$81,745 and \$77,668 (Schedule XII) .....	\$4,977,662	\$4,659,667
Other, less reserves of \$9,462 and \$18,142 (Schedule XII) .....	730,515	694,795
	<u>\$5,708,177</u>	<u>\$5,354,462</u>



# EXXON CORPORATION

## ADDITIONAL FINANCIAL DATA (Continued)

(Expressed in thousands of dollars)

### Supplementary Information to Notes to Consolidated Financial Statements Included in the Annual Report to Shareholders (Continued):

The excess of replacement cost in 1977 and 1976 over the carrying amount of consolidated inventory determined under the last-in, first-out method approximated \$2,397,000 and \$2,226,000 at December 31, 1977 and 1976, respectively. Inventories used in the computation of the consolidated cost of goods sold amounted to \$3,596,672, \$3,794,454 and \$3,856,470 at December 31, 1975, 1976 and 1977, respectively.

As discussed in Note 13 to the financial statements, which note appears on page 34 of the 1977 Annual Report to shareholders, the Corporation's carrying value of its interest in the Arabian American Oil Company (Aramco) included in the consolidated statement of financial position amounted to \$598,000 at December 31, 1977 (\$672,000 at December 31, 1976). Aramco has reported the following consolidated assets and liabilities at December 31, 1977 (preliminary unaudited) and December 31, 1976:

	<u>1977</u>	<u>1976</u>
Current assets .....	\$8,887,055	\$8,379,206
Property and equipment, less depreciation .....	5,893,253	4,472,500
Other long-term assets .....	248,354	182,780
Current liabilities .....	9,064,821	7,894,446
Long-term liabilities .....	224,940	187,553
Saudi Arab Government deposits .....	2,993,999	2,464,999

The Corporation's share of earnings of Aramco, after application of adjustments (including, in 1976, losses sustained by the Corporation upon resale to processing affiliates and others) related to crude oil purchased from Aramco, totaled \$211,000 and \$221,000 in 1977 and 1976, respectively. These amounts equate to 25¢ and 27¢ per barrel, respectively, of oil lifted by the Corporation.

Accounts payable and accrued liabilities shown in the consolidated statement of financial position include \$1,586,000 and \$1,399,000 for accrued liabilities at December 31, 1977 and 1976, respectively. Of the amount at December 31, 1977, \$240,000 pertained to salaries and wages and \$970,000 was for accrued interest and taxes other than income taxes. Comparable amounts at December 31, 1976 were \$207,000 and \$868,000.

Notes, loans and accounts payable include the following:

	<u>1977</u>	<u>1976</u>
Banks .....	\$ 991,979	\$1,321,939
Holders of commercial paper .....	73,048	138,856
Trade creditors .....	4,738,639	4,450,249
Associated companies .....	2,097,613	1,929,102

Short-term credit facilities are offered to the Corporation and its subsidiaries on terms which reflect the prime credit standing of the Corporation and the varying local money market conditions. During both 1977 and 1976, maximum short-term borrowings with banks approximated \$1,460,000 and the average of such borrowings, determined from quarterly averages, approximated \$1,170,000 and \$1,210,000, respectively. The average interest rate on such borrowings outstanding was 10.9% at December 31, 1977 and 10.6% at December 31, 1976. The approximate weighted average interest rate for 1977, representing the ratio of actual interest expense for 1977 to average borrowings, was 10.5% and the comparable annual rate for 1976 was 11.3%. Unused lines of credit for short-term financing available at December 31, 1977 approximated \$1,952,000.

Information with respect to the Corporation's annuity and other reserves is set forth in Note 9 to the financial statements which note appears on page 33 of the 1977 Annual Report to shareholders. Under U. S. annuity plans, benefits to former employees and their beneficiaries are paid from funds which have been provided by the corporation to outside trustees and insurance companies. Costs to the Corporation are provided for, and funded, based on actuarial estimates. Obligations for projected benefits



# EXXON CORPORATION

## ADDITIONAL FINANCIAL DATA (Continued)

(Expressed in thousands of dollars)

### Supplementary Information to Notes to Consolidated Financial Statements Included in the Annual Report to Shareholders (Continued):

under these plans have been determined, beginning in 1974, by the entry age normal actuarial method. Under this method, normal fund contributions are based on a level cost over the service lives of employees, assuming current plan provisions were in effect over the entire service lives. With liberalization in plan benefits, declines in market values of fund assets and other factors bearing on the status of annuity plan coverage, there is a supplemental cost to be funded, measured by the difference in the value of fund assets and the total projected benefits beyond those to be covered by normal fund contributions. At December 31, 1977, this difference was approximately \$880,000. The Corporation is making payments over a twenty-year period to provide sufficient funds by the end of 1993 to cover total projected future benefits related to service prior to that date.

The equity of minority interests at December 31, 1977 in capital and earnings reinvested of certain subsidiary companies was \$184,000 and \$641,000, respectively. Comparable amounts at December 31, 1976 were \$180,000 and \$595,000.

Information with respect to capital for 1977 appears in Note 10 to the financial statements, which note appears on page 33 of the 1977 Annual Report to shareholders. The net increase of \$25,111 in capital during 1976 represented \$26,656 for 676,821 treasury shares used in connection with stock options exercised, bonuses and stock appreciation rights under the Corporation's incentive programs, reduced by the \$1,545 cost of 29,300 shares reacquired.

The Corporation and its subsidiary companies have firm commitments for the construction and purchase of fixed assets and other permanent investments of approximately \$775,000 at December 31, 1977.

A reconciliation between consolidated income tax expense for 1977 and the amount computed by applying a 48 percent rate to consolidated earnings before income taxes is shown in Note 6 to the financial statements, which note appears on page 32 of the 1977 Annual Report to shareholders. A reconciliation for 1976 follows:

	<u>U. S.</u>	<u>Foreign</u>	<u>Total</u>
Earnings before income tax .....	\$2,296,000	\$5,519,000	\$7,815,000
Theoretical tax at 48 percent rate .....	\$1,102,000	\$2,649,000	\$3,751,000
Foreign taxes at effective rates in excess of 48 percent .....		1,621,000	1,621,000
U. S. statutory depletion in excess of cost depletion .....	(59,000)		(59,000)
U. S. investment tax credit .....	(143,000)		(143,000)
Other .....	4,000		4,000
Income tax expense, excluding U. S. state income taxes of \$16 million .....	\$ 904,000	\$4,270,000*	\$5,174,000

\* Includes \$57 million of U. S. tax applicable to foreign operations.

The tax effects of timing differences between tax and financial reporting are as follows:

	<u>1977</u>	<u>1976</u>
Depreciation .....	\$386,931	\$227,328
Inventories .....	(6,171)	(144,224)
Intangible development costs .....	107,290	125,693
Others .....	(72,980)	197,711
Deferred income taxes .....	<u>\$415,070</u>	<u>\$406,508</u>



# EXXON CORPORATION

## ADDITIONAL FINANCIAL DATA (Continued)

(Expressed in thousands of dollars)

### Supplementary Information to Notes to Consolidated Financial Statements Included in the Annual Report to Shareholders (Continued):

Information with respect to the Corporation's stock option plans is set forth in Note 12 to the financial statements, which note appears on page 34 of the 1977 Annual Report to shareholders. Imperial Oil Limited, a subsidiary company, has options outstanding for the purchase of shares of its capital stock under plans adopted in 1965 and 1970. No more shares may be optioned under either of these plans.

At December 31, 1977 options relating to the Corporation's plans and the aforementioned subsidiary's plans were outstanding as follows:

			<u>Option Price</u>		<u>Fair Market Value at Date Granted</u>	
	<u>Year of Grant</u>	<u>Number of Shares</u>	<u>Average Per Share</u>	<u>Total</u>	<u>Average Per Share</u>	<u>Total</u>
In Corporation's capital stock:						
1968 Plan .....	1968—72	816,802*	\$38.99	\$31,847	\$38.99	\$31,847
1973 Plan .....	1973—77	2,546,646**	43.84	111,651	43.84	111,651
In subsidiary's capital stock (Canadian dollars):						
1965 Plan .....	1965—69	42,800	17.93	767	18.88	808
1970 Plan .....	1970—74	995,727	30.48	30,348	33.85	33,708

\* Includes 797,228 shares with stock appreciation rights. During the year ended December 31, 1977, rights to 111,950 option shares were surrendered for the exercise of stock appreciation rights.

\*\* Includes 2,504,640 shares with stock appreciation rights. During the year ended December 31, 1977, rights to 44,760 option shares were surrendered for the exercise of stock appreciation rights.

During 1977 and 1976 the following options became exercisable or were exercised:

		<u>Option Price</u>		<u>Fair Market Value at Date Exercisable or Exercised</u>	
	<u>Number of Shares</u>	<u>Average Per Share</u>	<u>Total</u>	<u>Average Per Share</u>	<u>Total</u>
In Corporation's capital stock :					
Exercisable :					
1977 .....	545,400	\$46.44	\$25,329	\$47.55	\$25,933
1976 .....	594,600	35.74	21,253	50.96	30,302
Exercised :					
1977 .....	175,266	36.58	6,411	51.84	9,085
1976 .....	585,184	38.14	22,322	50.48	29,539
In subsidiary's capital stock (Canadian dollars) :					
Exercisable :					
1977 .....	None	—	—	—	—
1976 .....	174,195	25.20	4,390	23.63	4,115
Exercised :					
1977 .....	28,125	16.57	466	21.46	604
1976 .....	3,799	13.62	52	23.26	88

The proceeds from options exercised were credited to capital by the Corporation and by Imperial Oil Limited.



# **EXXON CORPORATION**

## **ADDITIONAL FINANCIAL DATA (Continued)**

(Expressed in thousands of dollars)

### **Supplementary Information to Notes to Consolidated Financial Statements Included in the Annual Report to Shareholders (Continued):**

Information with respect to the Corporation's replacement cost data is set forth in Note 16 to the financial statements, which note appears on page 35 of the 1977 Annual Report to shareholders. Additional data, regarding the current costs incurred in mining activities for (1) acquiring mineral rights, leases or properties, (2) exploration activities and (3) development of ore bodies follow: (Unaudited)

	<u>Capitalized</u>	<sup>1977</sup> <u>Expensed</u>	<u>Capitalized</u>	<sup>1976</sup> <u>Expensed</u>
	(millions of dollars)			
Expenditures for:				
Acquisition of mineral rights .....	\$44	\$ 3	\$25	\$ 4
Exploration activities .....	1	48	—	37
Development of ore bodies .....	<u>37</u>	<u>2</u>	<u>22</u>	<u>—</u>
Total .....	<u>\$82</u>	<u>\$53</u>	<u>\$47</u>	<u>\$41</u>

Inflation, reduced availability of prime undeveloped mineral properties, and competition for these scarce resources worldwide have increased the cost of acquiring and developing mineral interests. Mineral deposits at greater depths and in more locations worldwide require more time and greater investment of corporate resources to explore and produce than in the past.



# EXXON CORPORATION

## Amounts Receivable from Directors, Officers and Employees—(Schedule II)

1977 and 1976

Name of Debtor(1)	Balance Receivable At Beginning of Year	Additions	Deductions		Balance Receivable At Close of Year
			Collections	Other	
1977					
T. D. Barrow (2)	\$ 32,000	\$ 4,000		\$ 36,000	
N. J. Campbell, Jr. (2)	32,000	4,000		36,000	
C. A. Cooper	21,000		\$21,000		
D. M. Cox (2)	32,000	4,000		36,000	
W. H. Franklin (2)	17,000	19,000		36,000	
C. C. Garvin, Jr. (2)	32,000	4,000		36,000	
J. K. Jamieson (2)	32,000	4,000		36,000	
H. C. Kauffmann (2)	31,000	5,000		36,000	
F. A. Long (2)	12,000	15,000		27,000	
D. S. MacNaughton (2)	16,000	19,000		35,000	
Austin W. Pearce (3)	42,000		5,000		\$37,000
G. T. Piercy (2)	30,000	6,000		36,000	
R. G. Wilson	22,000	2,000	24,000		
M. A. Wright (2)	31,000	5,000		36,000	
	<u>\$382,000</u>	<u>\$91,000</u>	<u>\$50,000</u>	<u>\$386,000</u>	<u>\$37,000</u>
1976					
T. D. Barrow (2)	\$ 5,000	\$ 34,000		\$ 7,000	\$ 32,000
N. J. Campbell, Jr. (2)	5,000	34,000		7,000	32,000
C. A. Cooper		21,000			21,000
D. M. Cox (2)	5,000	34,000		7,000	32,000
W. H. Franklin (2)	5,000	20,000		8,000	17,000
C. C. Garvin, Jr. (2)	5,000	34,000		7,000	32,000
J. K. Jamieson (2)	5,000	34,000		7,000	32,000
H. C. Kauffmann (2)	5,000	34,000		8,000	31,000
D. S. MacNaughton (2)	5,000	19,000		8,000	16,000
Austin W. Pearce (3)	58,515		\$16,515		42,000
G. T. Piercy (2)	4,000	34,000		8,000	30,000
R. G. Wilson		26,000	4,000		22,000
M. A. Wright (2)	5,000	34,000		8,000	31,000
	<u>\$107,515</u>	<u>\$358,000</u>	<u>\$20,515</u>	<u>\$75,000</u>	<u>\$370,000</u>

### NOTES:

(1) All of the persons named, except Austin W. Pearce, are present or former directors, officers or employees of the Corporation.

(2) Advances by the Corporation for payment of certain legal fees and expenses incurred in defense of derivative lawsuits. "Deductions—Other" reflect indemnification by the Corporation as required by New Jersey law.

(3) This loan, which is fully secured by shares of the Corporation's capital stock, is payable on demand.

(4) All of the above-listed amounts are non-interest bearing.



**EXXON CORPORATION**  
**Parent Corporation Investments in and Dividends Received**  
**from Affiliates and Other Persons (Schedule III)**  
**1977**  
**(Expressed in thousands of dollars)**

Name of Issuer and Title of Issue	Balance at Beginning of 1977		Additions		Deductions Amount	Balance at Close of 1977		Cash Dividends
	Number of Shares	Amount	Amount			Number of Shares	Amount	
			Cash	Other				
STOCKS OF CONSOLIDATED SUBSIDIARY COMPANIES—								
Companies operating in the United States:								
Exxon Pipeline Company—								
Capital Stock, no par value .....	1,000	\$ 70,769				1,000	\$ 70,769	\$ 17,500
Exxon Enterprises, Inc.—								
Capital Stock, no par value .....	1,000	318,732				1,000	318,732	
Other companies (20 at December 31, 1977) .....		136,028		\$ 22,900(1)			158,928	32,637
Companies operating in other Western Hemisphere coun- tries (47 at December 31, 1977) .....		898,382	\$ 25,735	110(2)			924,227	319,264
Companies operating in the Eastern Hemisphere:								
Esso A.G. ....	100,000	279,085				100,000	279,085	121,837
Esso Eastern Inc. ....	100,000	225,357				100,000	225,357	750,000
Esso Holding Company U.K. Inc. ....	1,000	266,481				1,000	266,481	
Exxon Overseas Corporation .....	10	1,482,517	364,000	100(3)		10	1,846,617	
Other companies (78 at December 31, 1977) .....		1,245,177	64,159	1,189(4)	\$89,885(2)(3)(4)(5)		1,220,640	328,056
Totals .....		<u>\$4,922,528</u>	<u>\$453,894</u>	<u>\$24,299</u>	<u>\$89,885</u>		<u>\$5,310,836</u>	<u>\$1,569,294</u>
OTHER INVESTMENTS .....								<u>\$ 14,846</u>
MARKETABLE SECURITIES .....								<u>\$ 2,659</u>

**NOTES:**

- (1) Spinoff of gas transmission assets from Exxon Company, U.S.A., a Division of Exxon Corporation, to form a new subsidiary, Exxon Gas System, Inc.
- (2) Reclassification of subsidiary from Eastern Hemisphere to Western Hemisphere (\$100).
- (3) Capital contribution of investment in subsidiary to Exxon Overseas Corporation.
- (4) Exchange of shares of one subsidiary for those of another—value \$1,189.
- (5) Repayment by Dansk Esso of \$24,995 auxiliary capital received in 1967 and 1968; dissolution of 6 subsidiaries.



# EXXON CORPORATION

## Parent Corporation Investments in and Dividends Received from Affiliates and Other Persons (Schedule III)

1976

(Expressed in thousands of dollars)

Name of Issuer and Title of Issue	Balance at Beginning of 1976		Additions		Deductions Amount	Balance at Close of 1976		Cash Dividends
	Number of Shares	Amount	Cash	Other		Number of Shares	Amount	
STOCKS OF CONSOLIDATED SUBSIDIARY COMPANIES—								
Companies operating in the United States:								
Exxon Pipeline Company—								
Capital Stock, no par value .....	1,000	\$ 70,769				1,000	\$ 70,769	\$ 16,000
Exxon Enterprises, Inc.—								
Capital Stock, no par value .....	1,000	318,732				1,000	318,732	
Other companies (19 at December 31, 1976) .....		134,227	\$ 1	\$ 1,800(1)			136,028	77,808
Companies operating in other Western Hemisphere coun- tries (45 at December 31, 1976) .....		1,036,988	25,946		\$164,552(2)		898,382	399,941
Companies operating in the Eastern Hemisphere:								
Esso A.G. ....	100,000	279,085				100,000	279,085	
Esso Eastern Inc. ....	100,000	225,357				100,000	225,357	
Esso Holding Company U.K. Inc. ....	1,000	266,481				1,000	266,481	
Exxon Overseas Corporation .....	10	1,464,839		17,678(3)		10	1,482,517	
Other companies (85 at December 31, 1976) .....		779,569	483,282		17,674(3)		1,245,177	377,321
Totals .....		<u>\$4,576,047</u>	<u>\$509,229</u>	<u>\$19,478</u>	<u>\$182,226</u>		<u>\$4,922,528</u>	<u>\$871,070</u>
								<u>\$ 12,842</u>
OTHER INVESTMENTS .....								<u>\$ 2,118</u>
MARKETABLE SECURITIES .....								

### NOTES:

- (1) Capital contribution to one subsidiary.
- (2) Cash distribution from subsidiary, representing return of investment.
- (3) Capital contribution of investments in three Eastern Hemisphere subsidiaries to Exxon Overseas Corporation.



# EXXON CORPORATION

## Parent Corporation Indebtedness of Affiliates—Not Current (Schedule IV) 1977 and 1976

(Expressed in thousands of dollars)

	Beginning of Year		Close of Year	
	Number of Companies	Balance Receivable	Number of Companies	Balance Receivable
<u>1977</u>				
Companies operating in the United States:				
Exxon Enterprises, Inc. ....	1	\$ 162,982	1	\$ 177,075(1)
Other companies .....	10	311,540	13	382,002
Companies operating in other Western Hemisphere countries ..	16	39,517	18	84,200
Companies operating in the Eastern Hemisphere:				
Esso A.G. ....	1	199,816	1	223,590(1)
Exxon Overseas Corporation .....	—	—	1	12,382
Esso Tankers Inc. ....	1	459,182	1	358,079
Other companies .....	41	362,791	27	359,754
Totals .....	<u>70</u>	<u>\$1,535,828</u>	<u>62</u>	<u>\$1,597,082</u>
<u>1976</u>				
Companies operating in the United States:				
Exxon Enterprises, Inc. ....	1	\$ 39,911	1	\$ 162,982(1)
Other companies .....	12	231,469	10	311,540
Companies operating in other Western Hemisphere countries ..	10	43,228	16	39,517
Companies operating in the Eastern Hemisphere:				
Esso A.G. ....	1	176,477	1	199,816(1)
Esso Tankers Inc. ....	1	563,331	1	459,182
Other companies .....	35	582,914	41	362,791
Totals .....	<u>60</u>	<u>\$1,637,330</u>	<u>70</u>	<u>\$1,535,828</u>

### NOTES:

(1) Increases result from funds advanced to finance construction or operations.



# EXXON CORPORATION

## Consolidated Property, Plant and Equipment (Schedule V)

1977 and 1976

(Expressed in thousands of dollars)

Classification	Balance at Beginning of Year	Additions at Cost	Retire- ments or Sales	Other Additions and/or (Deductions)	Balance at Close of Year
<u>1977</u>					
Petroleum and Natural Gas:					
Producing .....	\$10,388,245	\$1,872,627	\$184,395	\$ 71,440	\$12,147,917
Manufacturing .....	6,004,927	196,034	50,836	(4,761)	6,145,364
Marketing .....	4,354,652	269,828	164,014	(33,344)	4,427,122
Transportation .....	4,977,217	708,865	88,039	6,193	5,604,236
Other .....	721,013	35,085	39,220	(103,763)	613,115
Chemicals .....	2,345,406	306,944	14,205	19,351	2,657,496
Other .....	710,327	206,931	26,720	25,925	916,463
Total .....	<u>\$29,501,787</u>	<u>\$3,596,314</u>	<u>\$567,429</u>	<u>\$(18,959) (1)</u>	<u>\$32,511,713</u>
<u>1976</u>					
Petroleum and Natural Gas:					
Producing .....	\$ 8,486,942	\$2,081,725	\$162,591	\$ (17,831)	\$10,388,245
Manufacturing .....	5,779,367	346,030	80,247	(40,223)	6,004,927
Marketing .....	4,374,350	203,209	208,014	(14,893)	4,354,652
Transportation .....	4,274,464	920,146	164,481	(52,912)	4,977,217
Other .....	672,786	50,235	25,837	23,829	721,013
Chemicals .....	1,914,288	383,135	8,080	56,063	2,345,406
Other .....	589,390	113,912	19,182	26,207	710,327
Total .....	<u>\$26,091,587</u>	<u>\$4,098,392</u>	<u>\$668,432</u>	<u>\$ (19,760) (1)</u>	<u>\$29,501,787</u>

### NOTES:

(1) Reflects transfers among functions and with respect to the total:

	<u>1977</u>	<u>1976</u>
Charge to accumulated depreciation and depletion (Schedule VI— Note 1) .....	\$(20,000)	\$(20,000)
Accumulated depreciation on certain assets acquired (Schedule VI— Note 1) .....	1,041	240
	<u>\$(18,959)</u>	<u>\$(19,760)</u>

(2) Reference is made to page 30 of the 1977 Annual Report to shareholders for a description of the accounting for property, plant and equipment.



# **EXXON CORPORATION**

## **Parent Corporation Property, Plant and Equipment (Schedule V)**

**1977 and 1976**

**(Expressed in thousands of dollars)**

<b>Classification</b>	<b>Balance at Beginning of Year</b>	<b>Additions at Cost</b>	<b>Retire- ments or Sales</b>	<b>Other Additions and/or (Deductions)</b>	<b>Balance at Close of Year</b>
<b>1977</b>					
Petroleum and Natural Gas:					
Producing .....	\$ 6,945,162	\$ 735,227	\$220,659	\$(20,028)	\$7,439,702
Manufacturing .....	2,089,645	88,014	16,039	(6,142)	2,155,478
Marketing .....	1,491,108	60,896	81,691	(23,838)	1,446,475
Transportation .....	74,471	96,597	7,049	1	164,020
Chemicals .....	1,023,343	245,800	(445)	6,327	1,275,915
Other .....	304,769	58,863	33,140	23,689	354,181
<b>Total .....</b>	<b>\$11,928,498</b>	<b>\$1,285,397</b>	<b>\$358,133</b>	<b>\$(19,991) (1)</b>	<b>\$12,835,771</b>
<b>1976</b>					
Petroleum and Natural Gas:					
Producing .....	\$ 5,863,652	\$1,195,518	\$ 94,818	\$(19,190)	\$ 6,945,162
Manufacturing .....	1,904,933	228,939	6,602	(37,625)	2,089,645
Marketing .....	1,511,144	53,307	56,707	(16,636)	1,491,108
Transportation .....	55,856	19,775	1,160	—	74,471
Other .....	85,694	5,465	1,352	(89,807)	—
Chemicals .....	824,430	164,390	3,099	37,622	1,023,343
Other .....	202,818	23,917	27,842	105,876	304,769
<b>Total .....</b>	<b>\$10,448,527</b>	<b>\$1,691,311</b>	<b>\$191,580</b>	<b>\$(19,760) (1)</b>	<b>\$11,928,498</b>

### **NOTES:**

(1) Reflects transfers among functions and with respect to the total:

	<b>1977</b>	<b>1976</b>
Charge to accumulated depreciation and depletion (Schedule VI—Note 1) .....	\$(20,000)	\$(20,000)
Accumulated depreciation on certain assets acquired (Schedule VI—Note 1) .....	9	240
	<b>\$(19,991)</b>	<b>\$(19,760)</b>

(2) Reference is made to page 30 of the 1977 Annual Report to shareholders for a description of the accounting for property, plant and equipment.



# EXXON CORPORATION

## Consolidated Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment (Schedule VI)

1977 and 1976  
(Expressed in thousands of dollars)

Classification	Balance at Beginning of Year	Additions Charged to Income	Deductions for Retirements and Sales	Other Additions and/or (Deductions)	Balance at Close of Year
<b>1977</b>					
Petroleum and Natural Gas:					
Producing .....	\$ 4,080,488	\$ 661,031	\$160,505	\$ 36,218	\$ 4,617,232
Manufacturing .....	2,449,290	270,960	36,097	(5,130)	2,679,023
Marketing .....	1,658,939	184,275	100,520	(4,531)	1,738,163
Transportation .....	1,253,867	242,007	62,492	1,024	1,434,406
Other .....	294,869	28,372	8,303	(60,052)	254,886
Chemicals .....	970,058	126,295	17,784	10,640	1,089,209
Other .....	123,068	42,323	10,536	6,066	160,921
Total .....	<u>\$10,830,579</u>	<u>\$1,555,263(2)</u>	<u>\$396,237</u>	<u>\$(15,765) (1)</u>	<u>\$11,973,840</u>
<b>1976</b>					
Petroleum and Natural Gas:					
Producing .....	\$3,588,986	\$ 672,327	\$163,265	\$ (17,560)	\$4,080,488
Manufacturing .....	2,300,196	232,546	75,088	(8,364)	2,449,290
Marketing .....	1,615,217	181,075	136,689	(664)	1,658,939
Transportation .....	1,202,935	183,225	113,888	(18,405)	1,253,867
Other .....	273,903	40,786	16,966	(2,854)	294,869
Chemicals .....	867,588	100,750	8,627	10,347	970,058
Other .....	90,625	18,987	5,282	18,738	123,068
Total .....	<u>\$9,939,450</u>	<u>\$1,429,696(2)</u>	<u>\$519,805</u>	<u>\$(18,762) (1)</u>	<u>\$10,830,579</u>

### NOTES:

(1) Reflects transfers among functions and with respect to the total:

	1977	1976
Credits to property, plant and equipment (Schedule V—Note 1) .....	\$ (20,000)	\$ (20,000)
Accumulated depreciation on certain assets acquired (Schedule V— Note 1) .....	1,041	240
Charges (net) to other balance sheet accounts .....	3,194	998
	<u>\$(15,765)</u>	<u>\$(18,762)</u>

(2) Depreciation and depletion (page 27 of Annual Report to shareholders) comprised:

	1977	1976
Additions charged to income as above .....	\$1,555,263	\$1,429,696
Amortization of intangibles .....	6,291	6,689
Losses/(Gains) on retirements .....	(3,228)	11,984
	<u>\$1,558,326</u>	<u>\$1,448,369</u>

(3) Reference is made to page 30 of the 1977 Annual Report to shareholders for a description of the accounting for depreciation and depletion.



# **EXXON CORPORATION**

## **Parent Corporation Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment (Schedule VI) 1977 and 1976 (Expressed in thousands of dollars)**

Classification	Balance at Beginning of Year	Additions Charged to Income	Deductions for Retirements and Sales	Other Additions and/or (Deductions)	Balance at Close of Year
<b>1977</b>					
Petroleum and Natural Gas:					
Producing .....	\$3,161,442	\$390,645	\$130,645	\$(18,991)	\$3,402,451
Manufacturing .....	886,927	99,574	5,675	(6,935)	973,891
Marketing .....	485,565	55,353	41,970	(3,083)	495,865
Transportation .....	21,863	3,940	182	—	25,621
Chemicals .....	442,924	54,663	5,896	6,936	498,627
Other .....	71,835	25,589	5,848	4,933	96,509
Total .....	<u>\$5,070,556</u>	<u>\$629,764(2)</u>	<u>\$190,216</u>	<u>\$(17,140) (1)</u>	<u>\$5,492,964</u>
<b>1976</b>					
Petroleum and Natural Gas:					
Producing .....	\$2,789,725	\$480,617	\$ 90,315	\$(18,585)	\$3,161,442
Manufacturing .....	822,442	76,854	6,054	(6,315)	886,927
Marketing .....	474,553	54,720	42,021	(1,687)	485,565
Transportation .....	19,361	2,510	8	—	21,863
Other .....	26,391	3,372	794	(28,969)	—
Chemicals .....	396,212	44,997	4,630	6,345	442,924
Other .....	34,155	7,781	1,978	31,877	71,835
Total .....	<u>\$4,562,839</u>	<u>\$670,851(2)</u>	<u>\$145,800</u>	<u>\$(17,334) (1)</u>	<u>\$5,070,556</u>

### **NOTES:**

(1) Reflects transfers among functions and with respect to the total:

	<b>1977</b>	<b>1976</b>
Credits to property, plant and equipment (Schedule V—Note 1) .....	\$(20,000)	\$(20,000)
Charges (net) to other balance sheet accounts .....	2,851	2,426
Accumulated depreciation on certain assets acquired (Schedule V— Note 1) .....	9	240
	<u>\$(17,140)</u>	<u>\$(17,334)</u>

(2) Depreciation and depletion (page S-3) comprised:

	<b>1977</b>	<b>1976</b>
Additions charged to income as above .....	\$629,764	\$670,851
Amortization of intangibles .....	143	273
Losses on retirements .....	22,427	5,643
	<u>\$652,334</u>	<u>\$676,767</u>

(3) Reference is made to page 30 of the 1977 Annual Report to shareholders for a description of the accounting for depreciation and depletion.



# EXXON CORPORATION

## Parent Corporation Indebtedness to Affiliates—Not Current (Schedule X)

1977 and 1976

(Expressed in thousands of dollars)

	Beginning of Year		Close of Year	
	Number of Companies	Balance Payable	Number of Companies	Balance Payable
<u>1977</u>				
Companies operating in Western Hemisphere countries outside the United States .....	<u>3</u>	<u>\$214,205</u>	<u>3</u>	<u>\$119,794</u>
<u>1976</u>				
Companies operating in Western Hemisphere countries outside the United States .....	<u>3</u>	<u>\$476,366</u>	<u>3</u>	<u>\$214,205</u>



# EXXON CORPORATION

## 1977 Reserves (Schedule XII) (Expressed in thousands of dollars)

Description	Balance at Beginning of 1977	Additions Charged to Income	Losses and Payments Charged to Reserve	Other	Balance at Close of 1977
<b>CORPORATION :</b>					
Marketable securities and other investments .....	\$905,264	\$174,400	\$61,422		\$1,018,242(1)
Advances and doubtful receivables .....	107,801	16,377	16,262		107,916(2)
Annuities .....	36,134	11,965	21,995		26,104
Other .....	33,957	73,428	34,932		72,453
<b>CONSOLIDATED :</b>					
Marketable securities and other investments .....	87,322	9,246	1,980		94,588(1)
Doubtful receivables .....	110,189	33,970	33,928		110,231(2)
Annuities .....	473,321	90,269	30,247	\$35,759(3)	569,102
Employee service and separation allowances .....	84,316	25,807	3,153		106,970
Other .....	89,031	85,633	43,601		131,063

### NOTES:

(1) These amounts are deducted from applicable assets as follows:

	<u>Corporation</u>	<u>Consolidated</u>
Marketable securities .....	\$ 6,800	\$ 8,978
Investments and advances:		
Stocks of consolidated companies .....	945,269	
Other investments (included in the amount of \$70,503 on page S-2) .....	66,166	
Investments in less than majority-owned companies, carried at cost or less .....		85,276
Deferred charges and other assets .....	7	334
	<u>\$1,018,242</u>	<u>\$94,588</u>

(2) These amounts are deducted from applicable assets as follows:

Notes and accounts receivable:		
Trade .....	\$ 27,786	\$ 81,745
Other .....	1,246	9,462
Investments and advances:		
Advances to consolidated companies .....	74,547	
Other advances (included in the amount of \$70,503 on page S-2) ..	4,337	
Long-term receivables and miscellaneous investments .....		19,024
	<u>\$107,916</u>	<u>\$110,231</u>

(3) Charged to other balance sheet accounts.



# EXXON CORPORATION

## 1976 Reserves (Schedule XII) (Expressed in thousands of dollars)

Description	Balance at Beginning of 1976	Additions Charged to Income	Losses and Payments Charged to Reserve	Other	Balance at Close of 1976
CORPORATION :					
Investments .....	\$527,304	\$164,875	\$ 21	\$213,106(3)	\$905,264(1)
Advances and doubtful receivables .....	342,487	(2,298)	19,282	(213,106)(3)	107,801(2)
Annuities .....	38,580	5,588	8,034		36,134
Other .....	36,721	10,975	13,739		33,957
CONSOLIDATED :					
Marketable securities and other investments .....	86,743	2,235	1,656		87,322(1)
Doubtful receivables .....	132,496	15,509	37,816		110,189(2)
Annuities .....	405,878	76,651	9,208		473,321
Employee service and separation allowances .....	87,374	31,052	34,110		84,316
Other .....	116,061	13,070	40,100		89,031

### NOTES :

(1) These amounts are deducted from applicable assets as follows :

	Corporation	Consolidated
Marketable securities .....		\$ 21
Investments and advances :		
Stocks of consolidated companies .....	\$838,215	
Other investments (included in the amount of \$71,898 on page S-2) .....	67,040	
Investments in less than majority-owned companies, carried at cost or less .....		86,928
Deferred charges and other assets .....	9	373
	<u>\$905,264</u>	<u>\$ 87,322</u>

(2) These amounts are deducted from applicable assets as follows :

Notes and accounts receivable :		
Trade .....	\$ 27,057	\$ 77,668
Other .....	3,662	18,142
Investments and advances :		
Advances to consolidated companies .....	72,224	
Other advances (included in the amount of \$71,898 on page S-2) ..	4,858	
Long-term receivables and miscellaneous investments .....		14,379
	<u>\$107,801</u>	<u>\$110,189</u>

(3) Transfers between reserves which pertain to advances transferred to Investments.



# EXXON CORPORATION

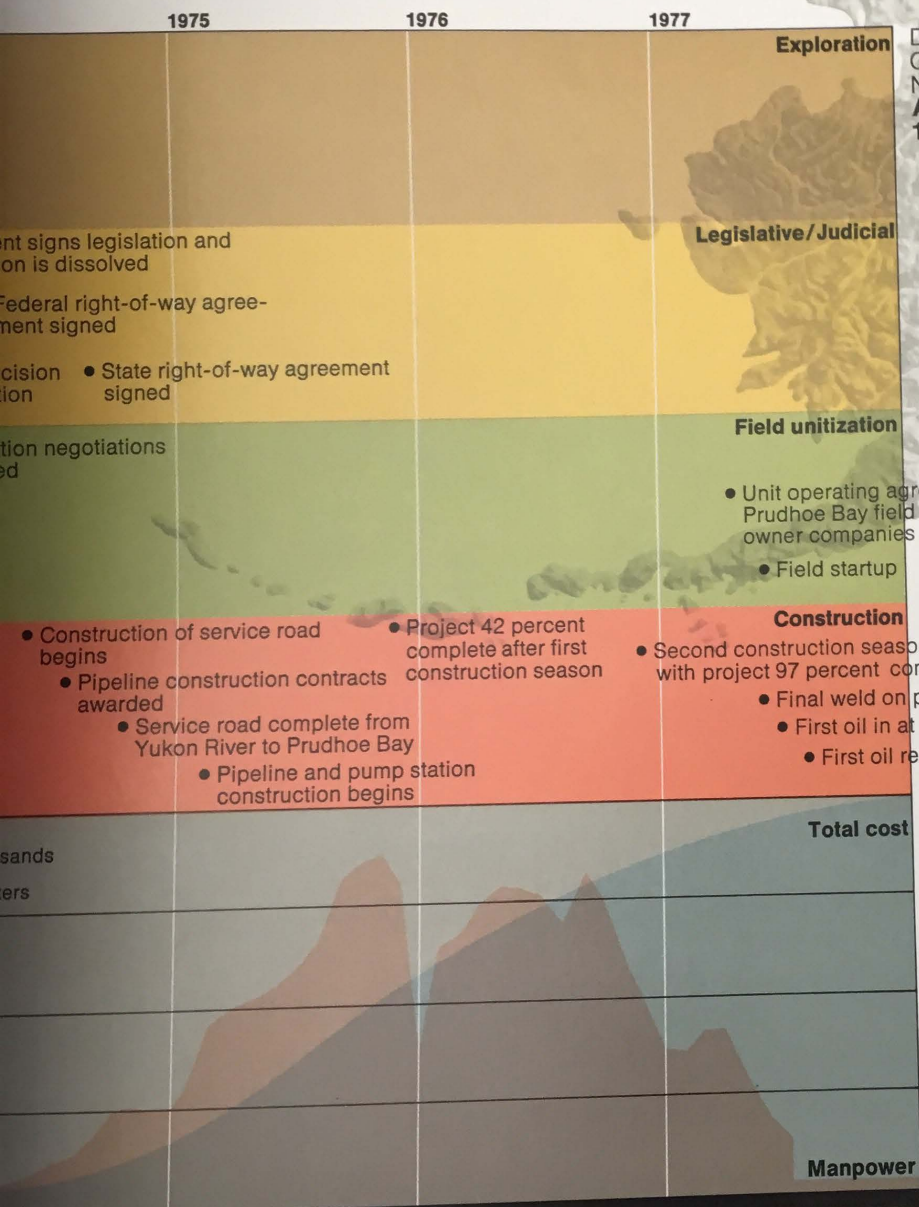
## Supplementary Income Statement Information (Schedule XVI)

For the Years 1977 and 1976  
(Expressed in thousands of dollars)

Description	Charged to Costs and Expenses	
	1977	1976
CORPORATION :		
Maintenance and repairs .....	\$ 471,108	\$ 413,199
Excise taxes .....	920,780	937,872
CONSOLIDATED :		
Maintenance and repairs .....	1,019,919	862,894
Import duties .....	2,283,473	1,839,874
Sales, use, value-added and turnover taxes .....	3,272,607	2,779,260
Rents .....	638,180	469,872



# EXXON CORPORATION 1977 ANNUAL REPORT



## DEVELOPMENT OF THE NORTH SLOPE ALASKA 1957-1977

### Legislative/Judicial

- Unit operating agreement for Prudhoe Bay field signed by owner companies
- Field startup

### Construction

- Second construction season ends with project 97 percent complete
- Final weld on pipeline
- First oil in at pump station #1
- First oil reaches Valdez

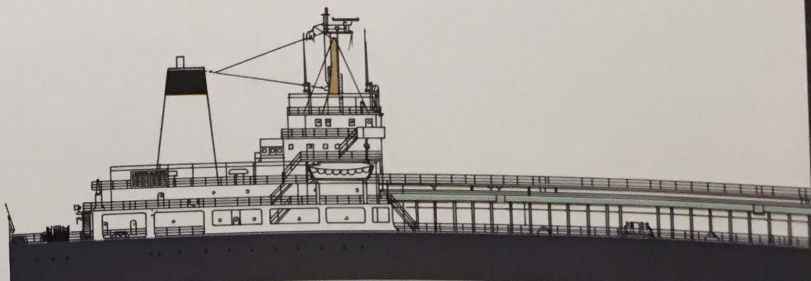
### Total cost

Cumulative expenditures for TAPS, pushed up by inflation and delays, passed the \$1 billion mark before the first pipe length was laid. Total cost of more than \$8 billion is record for a privately financed project.

### Manpower

The number of people working on the project, including contractors' employees, reached 28,000 during peak construction activity in late 1975. A permanent operating staff of 1,200 runs the completed pipeline.

of exploration in Alaska led the 1968 discovery of the largest known U.S. oil field in the Arctic reaches of the North Slope. Last June, eight years after Exxon and others applied for the pipeline needed to transport this new energy source, the first oil began moving south from Prudhoe Bay at a rate of 700,000 barrels a day. On the front and back covers of this Report is a chronicle of important events in the year story of North Slope development.





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**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D. C. 20549

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**Form 11-K**

**ANNUAL REPORT**

Pursuant to Section 15(d) of the  
Securities Exchange Act of 1934.

For the year ended December 31, 1977

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**THRIFT PLANS**  
of  
**EXXON CORPORATION**  
and  
**PARTICIPATING AFFILIATED EMPLOYERS**  
(Full title of the Plan)

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**EXXON CORPORATION**

(Name of Issuer of the Securities)

1251 Avenue of the Americas

New York, N. Y. 10020

(Address of principal executive office)

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**THRIFT PLANS OF EXXON CORPORATION  
and  
PARTICIPATING AFFILIATED EMPLOYERS**

**Item 1. Changes in the Plan**

The Item entitled "Termination of Interest" on page 8 of the Prospectus contained in the Registration Statement pertaining to the Thrift Plans of Exxon Corporation and Participating Affiliated Employers, which is being filed contemporaneously with this Annual Report, is incorporated herein by reference.

**Item 2. Changes in Investment Policy**

None.

**Item 3. Participating Employees**

As of December 31, 1977, there were 36,850 employees participating in the Plans.

**Item 4. Administration of the Plan**

The Item entitled "Administration of the Thrift Fund" on page 3 of the Prospectus contained in the Registration Statement pertaining to the Thrift Plans of Exxon Corporation and Participating Affiliated Employers, which is being filed contemporaneously with this Annual Report, is incorporated herein by reference.

**Item 5. Custodian of Investments**

- (a) Chemical Bank, 20 Pine Street, New York, New York—Custodian for marketable securities in the common assets investment portfolio of the Thrift Fund.

Irving Trust Company, One Wall Street, New York, New York—Custodian of United States of America Treasury Bills in the common assets investment portfolio of the Thrift Fund.

Morgan Guaranty Trust Company of New York, 23 Wall Street, New York, New York—Investment Trustee and custodian for securities in the equity portfolio of the Thrift Fund.

Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York—Custodian of shares of Exxon Corporation stock registered in the names of participants.

The Trustee is custodian of shares of Exxon Corporation stock registered in the name of the Trustee.

- (b) See Item 4

All charges in connection with the management of the equity portfolio are levied against the equity portfolio, including the Investment Trustee's fee which is at an annual rate of  $\frac{1}{4}$  of one percent of the market value of the equity portfolio.

- (c) Chemical Bank carries \$40,000,000 Bankers Blanket Bond Coverage on Standard Form No. 24 or the equivalent covering fidelity, burglary, robbery, misplacement, forgery and transit risk in addition to \$40,000,000 excess coverage on transit.

Irving Trust Company carries \$35,000,000 Bankers Blanket Bond Coverage on Standard Form No. 24 or the equivalent covering fidelity, burglary, robbery, misplacement, forgery and transit risk in addition to \$35,000,000 excess coverage on transit.



Morgan Guaranty Trust Company of New York carries \$75,000,000 Bankers Blanket Bond Coverage on Standard Form No. 24 or the equivalent covering fidelity, burglary, robbery, misplacement, forgery and transit risk in addition to \$40,000,000 excess coverage on transit.

With regard to Exxon Corporation stock held by the Trustee, existing bonds purchased from Federal Insurance Company, American International Reinsurance Company Ltd. and Seaboard Insurance Company, provide the following coverages:

- (1) \$50,000 of coverage for loss caused by dishonesty of an employee, with excess coverage of \$450,000 for each loss due to acts committed by employees acting alone or in collusion with others.
- (2) \$50,000,000 of coverage:  
With deductible of \$500,000 for loss caused by fraudulent or dishonest acts committed by employees acting alone or in collusion with others; with deductible of \$100,000 for loss caused by destruction, disappearance, wrongful abstraction, forgery or alteration of securities.
- (3) \$5,000,000 of coverage for any loss incurred through the replacement of securities lost in U. S. mailings and \$1,000,000 of the same coverage for foreign mailings.

#### **Item 6. Reports to Participating Employees**

Each employee participating in the Plan receives an annual statement as to the amount and status of his account. In addition, each participating employee receives a copy of the Prospectus filed in connection with the Registration Statement on Form S-8 pertaining to the Thrift Plans of Exxon Corporation and Participating Affiliated Employers.

#### **Item 7. Financial Statements and Exhibit**

##### **(a) Financial Statements**

The financial statements of the Thrift Fund and the report of Price Waterhouse & Co. with respect thereto will be contained in a Prospectus constituting part of the Registration Statement on Form S-8 pertaining to the Thrift Plans of Exxon Corporation and Participating Affiliated Employers, which is being filed contemporaneously with this Annual Report and are incorporated herein by reference.

##### **(b) Exhibit**

A copy of the Prospectus constituting part of the Registration Statement pertaining to the Thrift Plans of Exxon Corporation and Participating Affiliated Employers will be furnished for the information of the Commission and is not to be deemed "filed" as part of this Annual Report, except as described under Item 1 and under "Financial Statements" above.

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#### **CONSENT OF INDEPENDENT ACCOUNTANTS**

We hereby consent to the incorporation by reference in this Annual Report on Form 11-K of our report dated March 17, 1978, relating to the financial statements of the Thrift Fund for the year ended December 31, 1977, which report appears in the Prospectus referred to in Item 7(a) above.

PRICE WATERHOUSE & Co.

153 East 53rd Street  
New York, N. Y. 10022  
March 29, 1978



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**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D. C. 20549

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**Form 11-K**

**ANNUAL REPORT**

Pursuant to Section 15(d) of the  
Securities Exchange Act of 1934.

For the year ended December 31, 1977

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**THRIFT PLAN**  
for Wage Employees of  
**EXXON NUCLEAR COMPANY, INC.**  
(Full title of the Plan)

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**EXXON CORPORATION**

(Name of Issuer of the Securities)

1251 Avenue of the Americas

New York, N. Y. 10020

(Address of principal executive office)

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## THRIFT PLAN FOR WAGE EMPLOYEES OF EXXON NUCLEAR COMPANY, INC.

### Item 1. Changes in the Plan

Effective September 1, 1977, the distribution provisions of the Thrift Fund were amended to provide that, upon termination of interest by reason of death, the participant's net account in the Thrift Fund will be paid to the beneficiary designated by the participant in a single sum; or, if elected by the participant, paid to the beneficiary designated by the participant in two installments. If the participant did not designate a beneficiary, payment of the net account in a single sum will be made to the person legally entitled to such account.

### Item 2. Changes in Investment Policy

None.

### Item 3. Participating Employees

As of December 31, 1977, there were 153 employees participating in the Plan.

### Item 4. Administration of the Plan

The Thrift Fund is administered by the Trustee consisting of a group of individual trustees appointed on behalf of the Corporation by its Treasurer, as Administrator-Finance of the Thrift Plan, from among Thrift Fund participants to serve for an indefinite period. The Administrator-Finance may appoint or remove individual trustees at any time. An individual trustee may resign at any time.

The individual trustees are A. C. Hamilton, Chairman, G. B. McCullough, Vice Chairman, R. E. Faggioli, A. M. Hayes and U. J. LeGrange. All are employed by, and some are officers of, the Corporation; the address of each of them is 1251 Avenue of the Americas, New York, New York 10020.

The Trustee interprets the Trust and manages the Thrift Fund. The Trustee's records are examined at least annually by independent accountants designated and paid by the Corporation. The individual trustees serve without compensation from the Thrift Fund.

### Item 5. Custodian of Investments

- (a) Chemical Bank, 20 Pine Street, New York, New York—Custodian for marketable securities in the common assets investment portfolio of the Thrift Fund.

Irving Trust Company, One Wall Street, New York, New York—Custodian of United States of America Treasury Bills in the common assets investment portfolio of the Thrift Fund.

Morgan Guaranty Trust Company of New York, 23 Wall Street, New York, New York—Investment Trustee and Custodian for securities in the equity portfolio of the Thrift Fund.

Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York—Custodian of shares of Exxon Corporation stock registered in the names of participants.

The Trustee is custodian of shares of Exxon Corporation stock registered in the name of the Trustee.

- (b) See Item 4

All charges in connection with the management of the equity portfolio are levied against the equity portfolio, including the Investment Trustee's fee which is at an annual rate of  $\frac{1}{4}$  of one per cent of the market value of the equity portfolio.

- (c) Chemical Bank carries \$40,000,000 Bankers Blanket Bond Coverage on Standard Form No. 24 or the equivalent covering fidelity, burglary, robbery, misplacement, forgery and transit risk in addition to \$40,000,000 excess coverage on transit.



Irving Trust Company carries \$35,000,000 Bankers Blanket Bond Coverage on Standard Form No. 24 or the equivalent covering fidelity, burglary, robbery, misplacement, forgery and transit risk in addition to \$35,000,000 excess coverage on transit.

Morgan Guaranty Trust Company of New York carries \$75,000,000 Bankers Blanket Bond Coverage on Standard Form No. 24 or the equivalent covering fidelity, burglary, robbery, misplacement, forgery and transit risk in addition to \$40,000,000 excess coverage on transit.

With regard to Exxon Corporation stock held by the Trustee, existing bonds purchased from Federal Insurance Company, American International Reinsurance Company Ltd. and Seaboard Insurance Company, provide the following coverages:

- (1) \$50,000 of coverage for loss caused by dishonesty of an employee, with excess coverage of \$450,000 for each loss due to acts committed by employees acting alone or in collusion with others.
- (2) \$50,000,000 of coverage:  
With deductible of \$500,000 for loss caused by fraudulent or dishonest acts committed by employees acting alone or in collusion with others; with deductible of \$100,000 for loss caused by destruction, disappearance, wrongful abstraction, forgery or alteration of securities.
- (3) \$5,000,000 of coverage for any loss incurred through the replacement of securities lost in U. S. mailings and \$1,000,000 of the same coverage for foreign mailings.

#### **Item 6. Reports to Participating Employees**

Each employee participating in the Plan receives an annual statement as to the amount and status of his account. In addition, each participating employee receives a copy of the Prospectus filed in connection with the Registration Statement on Form S-8 pertaining to the Thrift Plans of Exxon Corporation and Participating Affiliated Employers.

#### **Item 7. Financial Statements and Exhibit**

##### **(a) Financial Statements**

Contributions made pursuant to the Plan are held along with assets resulting from another Thrift Plan of Nuclear and Thrift Plans of Exxon and other affiliated employers in a single fund (hereinafter called the "Thrift Fund"). The financial statements of the Thrift Fund and the report of Price Waterhouse & Co. with respect thereto will be contained in a Prospectus constituting part of the Registration Statement on Form S-8 pertaining to the Thrift Plans of Exxon Corporation and Participating Affiliated Employers which is being filed contemporaneously with this Annual Report and are incorporated herein by reference.

##### **(b) Exhibit**

A copy of the Prospectus constituting part of the Registration Statement pertaining to the Thrift Plans of Exxon Corporation and Participating Affiliated Employers will be furnished for the information of the Commission and is not to be deemed "filed" as part of this Annual Report, except as described under "Financial Statements" above.

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#### **CONSENT OF INDEPENDENT ACCOUNTANTS**

We hereby consent to the incorporation by reference in this Annual Report on Form 11-K of our report dated March 17, 1978, relating to the financial statements of the Thrift Fund for the year ended December 31, 1977, which report appears in the Prospectus referred to in Item 7(a) above.

PRICE WATERHOUSE & Co.

153 East 53rd Street  
New York, N. Y. 10022  
March 29, 1978



